

The Incorporated Accountants' Journal.

THE OFFICIAL ORGAN OF



THE INCORPORATED ACCOUNTANTS' JOURNAL is published monthly, on the first day of each month, at an Annual Subscription of 12s. 6d., which includes postage to all parts of the world. The price of a single copy is 1s. 3d., postage extra.

Communications respecting the general business of the paper to be addressed to the Secretary of the Society of Incorporated Accountants and Auditors, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2. Cheques and postal orders should be made payable to the Society, and crossed "Bank of England."

Letters for the Editors to be forwarded to them, care of the Secretary, as above. Correspondence, copies of reports and accounts, &c., will be welcomed from the profession.

Contents.	PAGE
Professional Notes	183
Damages for Dishonoured Cheque (Article)	186
Secret Trusts (Article)	187
Unemployment Insurance Act, 1928	189
Law of Arbitration	189
Co-Partnership and Profit Sharing: Lecture by Mr. Percy H. Walker, F.S.A.A.	140
Obituary	146
Correspondence	147
The Society of Incorporated Accountants and Auditors:—	
Examination Results in South Africa	147
Council Meeting	148
Reviews	149
Incorporated Accountants' Students' Society of London	149
Yorkshire District Society of Incorporated Accountants: Dinner at Leeds	149
The Accountant as Administrator: Lecture by Mr. Thomas Haworth, Incorporated Accountant	151
Bradford and District Society of Incorporated Accountants: Annual Dinner	158
Charge against a "Qualified Auditor and Accountant"	161
Changes and Removals	161
Factors that Count in Wool Safeguarding: Address by Mr. Charles Ogden	162
District Societies of Incorporated Accountants	163
Public Auditors	165
Royal Naval Reserve (Accountant Officers)	168
Scottish Notes	169
Legal Notes	170

Professional Notes.

AFTER 43 years in the City of London, the Society has moved from 50, Gresham Street, its headquarters for the past 21 years, to its new home on the Victoria Embankment, Westminster, just beyond the City boundary. The transfer of the many records of the Society was quickly effected, and the offices at Incorporated Accountants' Hall, a picture of which appears on the outside cover, were opened on the morning of January 23rd. Members are invited to inspect the Hall after the Royal Opening. They will be impressed not only by the beauty and craftsmanship of the Hall and the skill with which it has

been restored and adapted for the Society's purposes, but by the adequate Library and Members' Room which have been provided for their use. Incidentally, the Society will shortly be in a position to let some of the finest accommodation in London for arbitrations, meetings and other functions, and in this matter the co-operation of members will not be sought in vain.

Particulars of the Inaugural Week which has been arranged to mark the acquisition of Incorporated Accountants' Hall, have been sent to all members. The Hall will be formally opened by T.R.H. the Duke and Duchess of York, at 8 p.m., on February 19th. During the ceremony, portraits by Mr. John A. A. Berrie, C.R.A., of the President and of eight Past Presidents will be unveiled in the Great Hall, that of Sir James Martin being the gift of the Vice-President, Mr. Henry Morgan. A Commemoration Stone to mark the Opening and another as a War Memorial will be unveiled in the vestibule. The accommodation in the Great Hall being restricted to 200, it has been decided to limit the number of guests for the Opening to 25 plus the ladies of Members of Council. Whilst it is unfortunate that this should be necessary, it was felt, in view of the large number of Incorporated Accountants who had expressed a desire to attend, that every possible seat should be at the disposal of members of the Society. It was proposed to hold an inaugural dinner on the night of the Opening, but it has been decided that it would be advantageous to postpone this until towards the end of the year.

On February 20th, the day following the Opening, a Dance will be held at the Hall, from 9 p.m. to 2 a.m., for which 125 double tickets will be available. The Great Hall, Council Chamber, Gallery and Staircase Hall should provide an ideal setting for this function. The President and Mrs. Keens and Members of Council will be At Home to those attending the Opening, and afterwards to all members on February 20th, 21st and 22nd from 4 to 6 p.m. This will afford an excellent opportunity of visiting the Hall, which will be open to Members and their friends for inspection from 10.30 a.m. to 4 p.m. on these three days.

We regret to have to record that the Vice-President of the Society, Mr. Henry Morgan, has suffered a breakdown in health and, acting under the doctor's advice, has left for a lengthy visit to Madeira. Our sympathy is extended to him, particularly because he will be prevented from attending the Opening of Incorporated Accountants' Hall, the acquisition of which was largely due to his enterprise.

We tender our cordial congratulations to Mr. Frederic Walmsley, J.P., the senior Past President of the Society, upon the attainment of his 80th birthday. In an interview with the *Bolton Evening News* Mr. Walmsley stated that, although born at Ormskirk, he had lived at Bolton for 72 years, and during the whole of that period he had suffered only one serious breakdown, about twenty years ago. Mr. Walmsley (wrote the interviewer) is one of the old school, who believes that hard work never killed any man, and his career both in the professional and public world amply supports the argument. One of the accomplishments of which Mr. Walmsley is most proud is the fact that in the year 1885 he was one of the founders of the Society of Incorporated Accountants and Auditors, of which subsequently he became President. He held a similar office in the Manchester District Society of Incorporated Accountants, of which also he was one of the founders 43 years ago.

Mr. Charles Hewitt, Incorporated Accountant (Johannesburg), Chairman of the Committee of the South African (Northern) Branch of the Society, has been on a visit to England, during which he has taken an opportunity of conferring with the Committee of the Council of the Society having charge of South African affairs. Mr. Hewitt was also a guest of the Yorkshire District Society of Incorporated Accountants at their annual dinner held in Leeds on January 18th. Mr. Hewitt expressed his pleasure at being able to visit the Society in its new Headquarters, and also upon seeing something of the work done by the District Societies.

The Pearl Assurance Company, Limited, are seeking powers, *inter alia*, "to undertake the office of receiver, treasurer or auditor of any property, or receiver, liquidator, administrator or assignee of the estate of any bankrupt or insolvent person or company or in the winding-up of any company." Representations made on behalf of the Society to the company were courteously and attentively received, but a resolution authorising the taking of such powers was carried at an extraordinary general meeting, although a reasoned statement against its adoption was made by a shareholder. The necessary alteration to the company's Memorandum of Association has yet to be approved by the Court, the Judge, of course, being able to exercise his discretion in the matter.

It is somewhat difficult to understand what use these powers can be, in view of the fact that when the Companies Act becomes operative law, "no body corporate (but not including a firm in Scotland) shall, unless acting under an appointment

made before the passing of this Act, be qualified to act as liquidator (whether in a winding up by the Court or in a voluntary liquidation), auditor or receiver of the property of a company, and any appointment made in contravention of this provision shall be void." The section in the Act was inserted on the recommendation of the Companies Committee, which adopted the view submitted by the profession, that the powers in question should be exercised by an individual and not by a body corporate. It will be remembered that in 1926 the Scottish Widows Fund and Life Assurance Society, incorporated by Act of Parliament, applied for similar powers, but the application was refused by the House of Lords on the petition of the Institute of Chartered Accountants.

At the Annual Dinner of the Institute of Arbitrators, Sir Josiah Stamp, in proposing the toast of "The Institute," suggested that, whilst rules of procedure were necessary, Courts of Arbitration should not surround themselves with a network of rules and forms. They should not endeavour to ape the properly constituted Courts of Law. Arbitration had, however, a definite place to fill in the economic life of to-day, and men were realising that in many disputes it was advantageous to arrive at a solution with the assistance of an arbitrator, rather than fight the matter out at considerable cost in the Law Courts. While we are in sympathy with Sir Josiah Stamp's views, it must not be forgotten that arbitrations conducted informally often defeat themselves by being subsequently reviewed in the Law Courts. Mr. R. A. Skelton, in responding to the toast of "The Guests," said that the London Court of Arbitration, of which he was chairman, was founded originally by the Corporation of the City of London, and was now governed by a Committee consisting of Members of the Corporation and of the London Chamber of Commerce. It kept a list of approved arbitrators who could be called upon in commercial disputes. Their services were constantly in demand, frequently at the instance of traders in the Dominions and citizens of foreign States.

The annual statement for 1928 of the General Council of the Bar contains several matters of interest to Incorporated Accountants. The Council consists of members of the four Inns of Court, and amongst other duties is entrusted with the task of ruling upon matters of professional etiquette and the like. In 1927 the Bar Council decided that a barrister may advise a friend gratuitously, or for an adequate fee, on liability to income tax without the intervention of a solicitor, and now explains that this does not mean that members of the Bar "may advise or take instructions from professional persons such as accountants or income tax experts acting

for their clients without the intervention of a solicitor." The effect of this is that a taxpayer may go direct to a barrister for advice, but if an opinion is sought by an accountant on behalf of his client, then counsel may only act upon the instructions of a solicitor. It is somewhat difficult to understand why a lay client should be entitled to approach a barrister direct on a question of income tax, having in mind that the intervention of a solicitor is required in almost all other matters.

The Bar has always strictly and logically enforced its rule that its members shall not advertise, either directly or indirectly. Hence it is that a barrister, as such may broadcast a lecture on topics of law provided that his name, address or photograph are not published. Similarly, the Bar Council has re-affirmed its ruling that:—"It is contrary to professional etiquette for a barrister to answer legal questions in newspapers or periodicals, whether for a salary or at ordinary literary remuneration (1) where his name is directly or indirectly disclosed or liable to be disclosed, or (2) where the questions answered have reference to concrete cases which have actually arisen or are likely to arise for practical decision." Attention is being drawn to this rule, which has its counterpart in the profession of accountancy, by reason of the increasing practice of legal journals advising or professing to advise their subscribers on points of law arising in actual practice. Recently the publishers of a book on accountancy offered gratuitous advice to those who purchased a copy of the book, and similar aid is available to the subscribers to a certain book on conveyancing. There can be little doubt that a member of the Bar or of the Accountancy Profession is rightly restrained from this practice, which so readily lends itself to being criticised as self-advertisement.

Barristers have been canvassed in Provincial towns to have their names entered in the new classified Trade Telephone Directories, but the publishers, on representations being made by the Bar Council, have undertaken to delete such entries. Complaints have been received from Incorporated Accountants who have been similarly canvassed and the Council of the Society has the matter under consideration.

The cost of the principal fire losses in Great Britain and Ireland during the year 1928 is estimated at £5,419,000, as against £4,380,000 for 1927. This covers only cases where the damage amounted to £1,000 or more, and it is usual to add

50 per cent. for the smaller fires. On this basis the figures for the last three years compare as follows:

1926	£7,804,000
1927	6,495,000
1928	8,180,000

The year just ended has incurred the heaviest losses since 1923, when the total was nearly £11,000,000.

A point of some importance has been decided in the case of *Bourne & Hollingsworth v. Ogden (Inspector of Taxes)*. The question at issue was whether contributions of £1,050 for each of the years 1919 and 1920 made to the Middlesex Hospital were admissible deductions for income tax. On behalf of the company it was stated that although there was no binding agreement with the hospital there was a definite understanding that no employee of the firm would be refused. The subscription in previous years had usually been 50 guineas. The Special Commissioners decided that the appellant company was not entitled as a matter of right to any deduction in respect of the subscriptions in question, and this has now been confirmed by Mr. Justice Rowlatt, who said that it was not possible for him to disturb the finding of the Commissioners on a question of fact. He did, however, indicate that he was disposed to agree with the Commissioners' decision. Probably the Commissioners were influenced in this particular case by the fact that in a subsequent year the company had contributed to the hospital a sum of no less than 4,000 guineas. So long as the moderate sum of 50 guineas continued the Inland Revenue were apparently disposed to allow it as a charge, and it may be that their general attitude in the matter of hospital subscriptions will not be altered by the decision in this case.

A return issued by the Chief Registrar of Friendly Societies gives the number of industrial trade unions at the end of 1927 as being 487, with a membership of 3,908,000. This compares with 485 unions at the end of 1926, with a membership of 4,148,000. The aggregate funds of the unions at the beginning of the year amounted to £8,468,000, and at the end of the year they had increased to £9,709,000. The corresponding figures for 1926 were £12,586,000 at the beginning of the year and £8,468,000 at the end. The drop in that year was, of course, attributable to the general strike.

The injurious effect of mass production upon the operating staff of a factory has often been asserted. Each workman has assigned to him a particular part of an operation which he carries out day after day and week after week. There is no incentive or opportunity to exercise his mental powers, and he

consequently falls into a groove and becomes little more than a machine. Speaking recently on the subject of mind training, Dr. L. P. Jacks, the Principal of Manchester College, said the character of a person's daily work was the dominating influence in forming his mind and character. It was the principal medium through which human beings acquired their qualities, whether good or bad. The schools were living centres of possible skill, and skill was the best protection against the mechanisation of life. The disaster of the unskilled man lay in the way he used his leisure. He had to buy his pleasures ready made and they were usually very poor. Think, said Dr. Jacks, of the vast sums of money made out of silly pleasures devised for the entertainment of such people.

Cotton spinning companies in the Oldham district are complaining that the Inland Revenue is holding up the settlement of claims which have arisen as the result of the decision of the Court of Appeal in the *Duchess Mill* case. It is stated that repayments due in consequence of the decision of the Appeal Court in that case are being refused on the ground that the Inland Revenue now propose to challenge the wear and tear allowance. This is usually only a small element in the calculation, and the Master Cotton Spinners' Association consider that their members have a grievance in large repayments being held up merely because wear and tear is introduced into the dispute.

The recent decision of the House of Lords in the case of *Reckitt v. Barnett, Pembroke & Slater, Limited*, in relation to the drawing of cheques under a Power of Attorney, should not be lost sight of, as it places upon creditors receiving such cheques a somewhat awkward responsibility. The Power authorised the agent to manage his principal's estate and act for him generally, and as it contained no authority as to drawing cheques, it was supplemented by a letter from the principal to the bankers (who had inspected the Power of Attorney), telling them that he wished the Power "to cover the drawing of cheques drawn upon you by Lord T. without restriction." The agent drew a cheque on his principal's account in payment of his own private debt, and Mr. Justice Rowlatt held that the agent was exceeding his authority and that the creditors could not retain the proceeds of the cheque as against the principal. The Court of Appeal by a majority reversed this decision, and held that it was within the scope of the agent's authority to draw the cheque in question, and that there was nothing to put the defendants on their guard in taking the cheque in payment of the agent's own debt. The case then went to the House of Lords, who reversed

the decision of the Court of Appeal and reinstated that of Mr. Justice Rowlatt.

In their Lordships' view the whole authority limited the agent to acting for his principal in the management of his affairs, and that the issue of a cheque in payment of the agent's own private debt was outside that authority. They considered that powers of attorney must be construed strictly, and that taking the Power of Attorney and the letter together they were not prepared to hold that the agent was authorised to draw cheques in favour of his own personal creditors. The cases of *Bank of Bengal v. Fagan* (1849) and *John v. Dodwell & Co.* (1918), were cited, and their Lordships considered that the case under review was on all fours with the latter. We think the principal in this case is fortunate in getting this decision, having regard to the words "without restriction" which appeared in his letter to the bank. The effect apparently is that a creditor taking a cheque drawn under a power of attorney must inquire whether the agent is, in fact, acting strictly within the terms of the power conferred upon him.

Damages for Dishonoured Cheque.

EVERY authority, from *Foley v. Hill* (1848, 2 H.L.C., 28) to the Bills of Exchange Act, 1882, recognises that the banker's primary function and duty is to honour his customer's cheques, provided the state of the account warrants his doing so and there is no legal reason or excuse to the contrary.

When a person desires to open a current account at a bank, he pays a sum of money into the bank. The common expression that he lodges money in the bank is somewhat misleading as to the nature of the transaction. The legal relation which arises is not that fiduciary relation of *cestui que trust* and trustee, nor that of principal and agent, but that of debtor and creditor, with the superadded obligation arising out of the custom to honour the customer's cheques. The money paid in is no longer the money of the customer. It is then the money of the banker, who is bound to return an equivalent by paying a similar sum to that deposited with him when asked for it. He can deal with it as his own. He makes out of it what profit he can, which profit he retains to himself, paying back only the principal. The money placed in the custody of a banker is to all intents and purposes the money of the banker, who can do with it as he pleases. He is guilty of no breach of trust in employing it; he is not answerable to his customer if he puts it into jeopardy. If he engages in a hazardous speculation, he is not bound to

keep it or deal with it as the property of his customer, but he is answerable for the amount, because he has contracted to repay to the customer a sum equivalent to that paid into his hands (*Foley v. Hill (supra)*). It has been, as it were, lent to the banker, and the customer has in lieu of it a common law debt due to him by the banker and recoverable by an action for money lent. It is merely a simple loan. Certain terms as to repayment—apart from any special contract—are implied from the relationship of customer and banker. These include, on the part of the banker, a promise to repay the money on demand during banking hours at the branch of the bank at which the account is standing, and a promise to repay the money against the cheque or written order of the customer presented at the branch during business hours.

It follows, therefore, that if the customer's account be in funds, the failure of the banker to comply with the customer's own demand for repayment or to honour his cheques, in either case up to the amount standing to the credit of the account, entitles the customer to at least nominal damages for breach of contract. The matter is settled by authority, for it has long been settled law that if a banker wrongfully dishonours the cheque of a customer who is a trader, the customer is entitled to substantial, and not merely nominal, damages without proof of special damage (*Kinlan v. Ulster Bank* (1928) I.R., 181). The leading case on this matter is *Rolin v. Steward* (14 C.B., 595), where it was held that in an action by a trader against his banker for dishonouring his cheques, having funds to meet them, substantial damages may be recovered, without proof of special damage. The dishonouring of cheques is particularly calculated to be injurious to a person in trade, and if it be alleged and proved that the plaintiff is a trader, the jury may take that into their consideration in estimating the damages, and they are not confined to the actual damage proved on the same principle as that on which it is held that to impute insolvency to a trader is actionable without proof of special damage. It appears, therefore, that in order to recover substantial damages a non-trader must both allege and prove substantial damages. In an unreported case (*Evans v. London and Provincial Bank*) the wife of a naval officer sued for the dishonour of a cheque. The jury were directed that the only question was what amount of damages were due to the lady for the mistake the bank had made, though she had not suffered special damage. The jury returned a verdict for one shilling damages, the foreman saying that they did not consider the lady had suffered anything more than annoyance.

In *Kinlan's case (supra)* it was held that the principle applied to dishonoured cheques had no application on the facts. A demand made personally by a customer upon his banker for payment is a two party transaction. The refusal of payment cannot give rise to the implication of defamation of the customer to a third party, which necessarily arises when a trader's cheque, drawn or indorsed in favour of a third party, is presented by the holder and dishonoured by the banker. Even though a cheque has been paid, in fact, the day after the original dishonour, substantial damages may be recovered by a trader whose cheque has been dishonoured (*Fleming v. Bank of New Zealand* (1900) A.C., 577).

Apart from contract, it was held in *Marzetti v. Williams* (1 B. & Ad., 415) that a banker is bound by law to pay a cheque drawn by a customer within a reasonable time, after the banker has received sufficient funds belonging to the customer; and the latter may maintain an action of tort against the banker for refusing payment of a cheque under such circumstances, although he has not thereby sustained any actual damage.

The smaller the cheque the greater the possible damage to credit. It is discreditable to a person, and therefore injurious in fact to have a cheque refused for a small sum, for it shows that the banker has very little confidence in the customer, and it is an act particularly calculated to be injurious to a person in trade.

Secret Trusts.

A SECRET trust is created where property is in law given to a person either absolutely or upon an indefinite trust, but there has been an undertaking by him or an understanding between him and the donor, not clothed with the requisite formalities for the creation of a legal trust, that it shall be applied for the benefit of some other person or object. That trust, if it can take effect, is enforced in equity, on the ground that his failure to perform it would be an act of fraud, if on the other hand the trust is for an object which is prohibited by law, the gift is void. A person validly accepts a secret trust if he tacitly acquiesces in it when it is communicated to him.

Where the property is given to more than one on an understanding or undertaking with one of them that it shall be held in trust for some particular person or object, the question whether the interest of the other donee under the gift is affected depends upon the time when the understanding or undertaking was entered into. Both donees are bound if

the understanding or undertaking was entered into on behalf of both previously to or at the time of the making of the gift, although it was without the knowledge or consent of the other donee. It is otherwise if the understanding or undertaking is entered into by one only after the gift has been made. The fact of the gift being to the two as tenants in common, or otherwise separately, strengthens the case in favour of the interest of the other not being affected.

Where the intended trust cannot take effect though not void in law, *e.g.*, not communicated to the donee during the lifetime of the donor, the following rules apply: (1) if the gift is to the donee for his own benefit he is regarded both in law and in equity as entitled to the property, so that if he applies it for the benefit of the object secretly indicated by the donor he does so as a voluntary gift from himself; and (2) if the gift is to the donee on an indefinite trust or on terms which, in the circumstances, creates a resulting trust in favour of the donor, he holds the trust for the donor, or heir, or next of kin, or residuary devisees, or legatees of the donor according to the circumstances and the nature of the property.

The Wills Act, 1837, sect. 9, provides that every will shall be in writing, and signed or acknowledged by the testator in the presence of two witnesses at one time, who shall attest the will. Secret trusts are an exception to the strict requirements of the Act of 1837. In *Jones v. Badley* (1868, L.R., 3 Ch., at p. 363) it was held that where a person knowing that a testator, in making a disposition in his favour, intends it to be applied for purposes other than for his own benefit, either expressly promises, or by silence implies, that he will carry the testator's intention into effect, and the property is left to him upon the faith of that promise or undertaking, it is in effect a case of trust.

The rule has long been established in equity that a person apparently taking property by devise or bequest from a testator with the knowledge of the existence of another instrument, which he actually or impliedly undertakes to carry into effect, will be fixed as trustee with the performance of such instructions and directions as are given in that other instrument. But this doctrine requires to be carefully restricted within proper limits. It is in itself a doctrine which involves a wide departure from the policy which induced the Legislature to pass the Statute of Frauds, and it is only in clear cases of fraud that this doctrine has been applied—cases in which the Court has been persuaded that there has been a fraudulent inducement held out on the part of the apparent beneficiary in order to lead the

testator to confide to him the duty which he so undertook to perform (*McCormick v. Grogan*, 1869, L.R., 4 H.L., 82).

Later cases indicate that the doctrine has not been limited in its application to cases of fraud. In *re Fleetwood* (1880, 15 Ch. D., 594), a testatrix who had by will and three codicils made a complete disposition of her real and personal estate, afterwards executed a fourth codicil in the following words: "I hereby bequeath to B (to whom I have willed my landed property) also all my personalty, such as cash, furniture, &c., to be applied as I have requested him to do." B gave evidence that before executing this codicil the testatrix had stated to him the alterations she desired to make in her will, and that he had made a pencil memorandum of her various fresh bequests, repeating each item to her, and that, except so far as to give effect to the new wishes so stated to him, the testatrix did not intend to alter her previous dispositions. The memorandum was not signed by the testatrix. H, one of two joint beneficiaries of furniture mentioned in the memorandum, attested the execution of the fourth codicil. It was held that the nature of the trust was sufficiently established by the evidence of B, and being so established the Court would give effect to it. In *re Huxtable* (1902, 2 Ch., 798), a testatrix bequeathed £4,000 to C "for the charitable purposes agreed upon between us." It was held that this was a gift not for general but for limited charitable purposes, and that evidence was admissible to show what the purposes agreed upon were. Both *Fleetwood's* and *Huxtable's* cases are authorities for the proposition that where a secret trust is created parol and other evidence will be admitted to prove the nature of the trust even where there is no question of fraud. This was followed in the recent case of *re Blackwell* (1928) 44 T.L.R., 521, in which a testator made a codicil bequeathing £12,000 to five of his friends upon trust for the purposes indicated by him to them. One of the five friends prepared the codicil, upon the testator's oral instructions, and on the same day made a note of the terms of the trust in a written memorandum; those terms were communicated to all the other trustees and they accepted the trust. The testator's residuary legatees contended that parol evidence could not be given to explain the trust, as this was an infringement of the provisions of the Wills Act, 1837, by which all testamentary documents must be in writing. Mr. Justice Eve held that such evidence was admissible, and that the trust was valid. It was held on appeal that the decision upon that particular point in *re Fleetwood* (*supra*) had been affirmed by the Court of Appeal in *re Huxtable* (*supra*). The evidence was, therefore, admissible and the appeal failed.

UNEMPLOYMENT INSURANCE ACT, 1928.

THE above Act has been passed to increase the borrowing powers of the Unemployment Fund to £40,000,000. To understand the necessity of this Act, a short history of the financial provisions of the Unemployment Insurance Acts is necessary.

By sect. 14 of the 1920 Act, which brought practically every trade into unemployment insurance, it was provided that there should be established a fund called the "Unemployment Fund," into which is paid all contributions payable by employer and employed person and also all moneys provided by Parliament. All expenditure in the shape of benefit payments and expenses was to come from the same source. Almost immediately, however, the exceptional unemployment period of 1921 occurred, so that the expenditure at once became very much in excess of the revenue. Incidentally, the latter was at the time practically negligible, the Act not commencing to function until November, 1920.

To discharge the liabilities of the fund, it was therefore provided by sect. 5 of the Unemployment Insurance Act (No. 1), 1921, that advances may be made by the Treasury out of the Consolidated Fund, and that interest on such advances should be payable out of the Unemployment Fund. By this Act the sum was fixed as not to exceed £10,000,000; but, owing to the increasing unemployment and qualification of more persons for the receipt of benefit, it was necessary to increase this amount to £20,000,000 in the No. 2 Unemployment Insurance Act, 1921 (in force July 1st, 1921). By sect. 16 of this Act also, the expression "Deficiency period" was defined to mean that period existing from the passing of this Act until such time as the Treasury can certify that the fund has become solvent. But such state cannot be so defined while there are any Treasury advances outstanding. In parenthesis, it may be mentioned that the state of the fund during such "deficiency period" resolves any question as to the increase or decrease of the contributions payable by both employer and employee.

Unfortunately the trade slump continuing, with consequent unemployment, it became necessary to increase the borrowing powers to £30,000,000 by sect. 7 of the Unemployment Insurance Act, 1922.

During the period 1920 to the present date there have been various alterations in the rates of contributions payable by employers and employees, both increases and decreases occurring at different stages, but a decrease took place under the 1925 Act (as from January, 1926), which is still in force, and a further decrease in the case of the contributions of young persons, 18 to 21 years, came into force in July, 1928. Also, by the Economy (Miscellaneous Provisions) Act, 1926, the proportion of moneys to be provided by Parliament was lowered (as from April 5th, 1926). Notwithstanding these decreases in payments to the revenue of the fund, the insurance scheme was becoming

practically self supporting from 1922 onward, and much progress was made towards the ending of the "deficiency period." But the year 1926, with its industrial disputes and consequent abnormal unemployment payments of benefit, and corresponding administrative expenses, caused a tremendous strain on the finances of the fund.

By November 9th, 1928, therefore, the Treasury advances amounted to £29,320,000, on which interest had been paid by the fund at a rate of slightly less than 5 per cent. per annum. It therefore became necessary to seek increased powers from Parliament, and the 1928 Act was the result. This increases the amount the Treasury may advance to a sum not to exceed £40,000,000, but by this enactment the borrowing powers for the additional £10,000,000 are only to apply until December 31st, 1930, when it will be necessary for another Parliamentary review of the position.

At the present time, with unemployment figures high, the outgoings from the Unemployment Fund exceed the revenue by £350,000 per week. The extent to which this additional £10,000,000 will be drawn upon of course depends entirely on the volume of unemployment during the next two years. Consequently a determining date (December 31st, 1930) under this Act is given, so that the position can again be reviewed by Parliament if it is not possible to revert to the former limit of £30,000,000.

From time to time the Press records huge sums as being paid in unemployment benefits, leaving the impression that these sums are a direct charge on the State. It will be seen, however, that up to the present this is not so, apart from the proportion chargeable to the State, which must be existent in a compulsory scheme.

Of the three principal sources of revenue, the employers' contribution is the greatest amount, followed by the employees' contribution, and the smallest amount of all is the amount provided by Parliament. It should be noted also that the interest now yearly payable on the Treasury advances is a large item on the expenditure side.

LAW OF ARBITRATION.

In the House of Commons on January 24th Mr. Withers asked the Prime Minister whether at an early or any date it is intended to give effect to the recommendations made by the Committee on the Law of Arbitration in their Report, presented by the Lord Chancellor, Viscount Cave, to Parliament in March 1927. The Attorney General in reply said: It is impossible to introduce legislation on this subject during the present Parliament. The matter will require, and will no doubt receive, reconsideration after the General Election.

The Directors of Imperial Chemical Industries, Limited, announce that they have appointed to the Board of the Company, and to its Executive Committee, Mr. J. H. Wadsworth, who has been Secretary of Imperial Chemical Industries, Limited, since its incorporation. Mr. P. C. Dickens has been appointed Secretary of the Company in the place of Mr. Wadsworth.

Co-Partnership and Profit Sharing.

A LECTURE delivered before the South Wales and Monmouthshire District Society of Incorporated Accountants by

MR. PERCY H. WALKER, F.S.A.A.

MR. WALKER said: It is becoming customary for all speakers on the subject of co-partnership to regard the question merely in the light of providing a panacea for labour troubles and to preface their remarks with statistics showing the deplorable amount of time which has been lost and waste occasioned by strikes and lockouts over a period of years.

This is a side of the question that I am sure is self-evident to a body of accountants, and I want, if I can, to go a step further and show, not only the advantage to the employer but the economic gain to the country as a whole by the recognition and I hope ultimate adoption of the principle of making every producer directly interested in and benefited by the results of his own labours.

I am a whole-hearted believer in the underlying principles of co-partnership, and I sincerely believe that if a determined effort were made to sweep away the mass of ignorance and misunderstanding which at present clouds the issue, and a proper realisation achieved that the interest of capital and labour were actually and in fact identical, we should be well on the way to the solution of one of the gravest of our economic problems to-day.

I was very struck by a phrase quoted by my friend Mr. Pugh, when speaking on this subject some few months ago, from Mr. Lewisohn's book on "The New Leadership in Industry": "That when an issue was brought up concerning labour problems there was a tendency to feel and not think."

We approach other problems in an objective, even scientific, spirit, and make determined efforts to get to the root of the trouble and to solve the problem scientifically, whereas when difficulties arise within the economic system the tendency of all parties is merely to heap the blame on the other side.

That this is true cannot, I think, be denied, and my object this evening will be to outline some of the various schemes of co-partnership and profit sharing actually adopted by successful commercial undertakings in the hope that I may thereby provide at least some constructive arguments towards the solution of the great problem of our economic existence.

It is sometimes contended that all that can be achieved by profit sharing and co-partnership can just as easily be achieved by piece work or payment by results. To a certain extent this is true, but the piece-work system has its advantages and disadvantages. It is essentially individualistic, whereas co-partnership infuses much more of the team spirit.

I do want to stress the point that profit sharing without co-partnership is foredoomed to failure, and this I think cannot be more clearly seen than in the case of the coal industry.

THE 1921 AGREEMENT.

One of the first actual effective profit sharing schemes in this country was undoubtedly the sliding scale method of remuneration in the coal fields based on selling prices. These sliding scales, based on selling prices only, were open to obvious criticism, as the selling price is an inadequate test of economic conditions, inasmuch as it does not allow for changes either in cost of production or volume of trade.

The 1921 agreement provided for the ascertainment, by districts, of the actual gross proceeds of the industry in a

given period; that is, the money received on the sale of coal and the cost of production other than wages. Of the difference between these two sums, described as net proceeds, a certain proportion was to be treated as representing the share of labour. The percentage addition to basis rates for the following period was then to be fixed as that which would just have given this share to wages.

The principles of this agreement were continued without change in the May, 1924, agreement, the determination of wages under both agreements being automatic and leaving, it was hoped, no room for uncertainty or disputes.

These agreements were hailed, not only in this country but by expert observers overseas, as a land-mark in the progress to better relations between employers and employed, the report of the United States Coal Commission stating: "The common interest in continuous and successful operation finds concrete expression in the present British wage agreement, which provides that miners and owners shall share the profits of the business in defined proportions, the profits being figures not on a single mine but on the whole district. The plan is equitable, and would probably have won even more enthusiastic support in a more prosperous period than the past two years have been in the British coal trade, and after a longer trial this form of adjusting the wages to results may prove to bring about the highly desirable full co-operation of employer and employee in seeking efficiency." Why, then, has this agreement failed, as it has undoubtedly done, to fulfil its expectations?

REASONS OF FAILURE.

The first difficulty is undoubtedly the difficulty of defining the industry and determining its gross proceeds. The business of coal mining, i.e., bringing coal from the seam to the surface and preparing it there for sale by screening and washing, is not carried on in isolation from other business. There is a growing tendency for mining to be associated, on the capital side at any rate, with businesses engaged in the utilisation of coal, in particular the making of metallurgical coke and by-products, or in the marketing of coal both for inland sale and export, and in work ancillary to mining, such as building and operating coal wagons, and supplying timber and other mining materials.

Whilst this is a very desirable state of affairs—in fact it is held by many authorities that the only hope of salvation of the coal trade is in the by-products—it is obvious that it gives rise to two very serious problems, that of defining the industry and that of determining its proceeds.

The Miners' Federation on the one hand contended that these other businesses, no less than the colliery undertakings themselves, were making a profit out of coal by carbonising it, selling it and transporting it, and urged that the proceeds of such business should be brought into account for wages ascertainment. This was especially claimed in the case of coke and by-products plants, but it was held by Sir William Plender, acting as independent chairman on the interpretation of the 1921 Agreement, that only the proceeds of the coal mining proper were to be taken into consideration, and that coking and by-product businesses were separate businesses and to be excluded.

The proceeds of the industry were to determine the wages, and these proceeds depend mainly upon the quantity of coal sold and the price at which it is sold. Where the mineowner sells to a selling agency or other trading or industrial concern which, though nominally separate, is closely connected by similarity of capital interest with his colliery undertaking, his normal motive for getting as high a price as possible for the coal as it leaves the colliery disappears, as he can make up his profits later for what he foregoes on the coal.

The Coal Commission expressed the opinion that no definite conclusion could be drawn from the figures submitted to it that the disposal of coal to associated concerns depresses the price obtained on the whole, but on the other hand they could not give an assurance that it did not and could not happen, and without such an assurance the wage agreement could not secure the object for which it was devised, of promoting good relations and settling wages without disputes.

There is another set of difficulties in the fact that while wages are settled by districts, profits are those of individual mines. This is inevitable, but it has harmful reactions, viz:—

(1) The workman has no direct financial interest in the success of the undertaking in which he is employed. Its net proceeds, be they profit or loss, are lost in the district ascertainment.

(2) The workman sees particular mines making large profits, though wages are low or falling; he feels that often they are not doing so simply, as in other industries, through greater efficiency, but through good luck in finding easy physical conditions.

REPORT OF THE COMMISSION.

The Miners' Federation submitted to the Coal Commission a table of bonus shares issued since 1912 by thirty-four companies engaged in mining and other businesses and amounting to over £17,000,000, out of a total capital in these companies of £45,000,000. Some of this was due to businesses other than mining; little or none could be described as watering of capital.

For the most part the companies concerned had left accumulated savings in the businesses, and were now bringing their nominal capital into accord with facts by issuing additional shares as a bonus to shareholders. The Royal Commission expressed the very decided opinion that it would have been an excellent allocation from every point of view had the companies issued some of those bonus shares, not to the shareholders, but to the workmen.

In many other industries individual firms have such arrangements for distributing part of any profits made above a certain standard to their employees, either as additions to wages or as employer's bonus shares, and it was suggested that by suitable legislation colliery undertakings should be required to adopt schemes providing that of all profits hereafter distributed above a standard dividend on the existing capital, whether such distribution took the form of an extra dividend or of bonus shares, a fixed proportion should be reserved as shares to be issued to the employees, having regard to the services rendered by them.

This is a tremendous advance in the way of social legislation, and if adopted would mark a new era in the relationship between employer and employed. In no other industry has it ever been suggested to make profit sharing compulsory, and in all the 240 companies and firms that now have profit sharing systems in operation in this country it has been an absolutely voluntary move on the part of the employer in the first instance.

ESSENTIAL PRINCIPLES OF CO-PARTNERSHIP.

The first underlying principle of co-partnership is that the normal man will work better and harder for himself than for any other master. Give him a sense of proprietorship, of part ownership in his business, and he will regard his working hours in a different spirit from that of the wage earner who feels that the whole benefit of any additional effort on his part will accrue to the employer.

The second principle of successful co-partnership is that the giving to the worker of a substantial share in the ownership

of the business in which he is engaged need not and should not depreciate the value of the shares which are left to those who provide the capital and direction of the business. Indeed, the results should be the reverse; there should be an all-round gain in which capital should have its share as well as labour. Therein lies the economic justification of profit sharing and co-partnership. British industry to-day is already far too heavily handicapped to bear the burden of any new scheme which, whatever advantage it may hold out to one section of those engaged in industry, is not actively creative of economic wealth.

The third basic principle is that there are three necessary factors to every form of human endeavour, capital, management and labour, and these three are allies, not by will of man, but by a law of nature. Man has often rebelled against this law, but always to his misfortune. A nation which spends its working days in industrial wrangling must, all things being equal, sink ultimately before one which has the moral strength, patriotism and intelligence to combine the three essential factors in common and sustained effort.

If we agree on these basic principles let us see how they can be and are applied:—

APPLICATION OF PRINCIPLES.

In the first place, the employee must be given a reward outside and in addition to his standard rate of wages in his trade. This is the first step, and in some schemes co-partnership gets no further.

It is obvious, of course, that before we can operate such a scheme, we must have something that we can point to as the standard rate of wages of the trade, and, in fact, this is an essential of all forms of co-partnership. It supplies the necessary reply to the antagonism of trades unionism to co-partnership, as trades unions are themselves necessary as the principal active agent on the labour side in fixing a fair standard rate of wages.

A mere profit sharing cash bonus is of little use, as it gives the worker little interest in the business. All that is necessary for such a scheme is the existence of profits, and it rarely survives a period of bad trade. It does nothing to effect any permanent improvement in the lot of the worker, and as the bonus is probably spent as soon as it is received it offers no inducement to thrift. Further, the bonus becomes a dead weight upon the business in its competition with non-profit sharing rivals.

What is needed to get better results is to carry the scheme a step further and provide that part of the bonus shall be paid not in cash, but in some form of claim on the business and its assets. This form of claim on the business can take a variety of forms, the best probably being that a proportion of the bonus—say one half—shall be distributed in the form of ordinary shares in the business itself, ranking *pari passu* for capital and dividend with the ordinary shares issued to the public, and carrying the like rights.

Where, however, there are no shares issued to the public, or for any reason it is thought that the issue of ordinary shares is undesirable or impracticable, a common device is to issue some form of special bonus share or certificate carrying interest but no voting powers, and marketable only to the company itself, as in the case of Lever Brothers.

The usual method is to provide for the accumulation of the bonuses in the hands of trustees until the individual holding is sufficient to purchase a share.

The second scheme has much to recommend it, and is the most generally accepted one. As the employees gradually acquire a greater holding their sense of proprietorship increases, and the basic principle I mentioned of a man working for

himself is established. His reward can and will be increased by his own efforts; the prosperity of the business is his own concern and its misfortunes his loss. He has a natural disinclination to jeopardise that prosperity by strikes or to submit to its being jeopardised by the action or inaction of others.

EMPLOYEE DIRECTORS.

How much more so will he have this feeling if he has, in addition to a share in the profits of the business in which he works, a share in the capital and a share in the control and responsibility. I know to some this last condition may sound Utopian, but I would point out that it has been applied with unqualified success by the various gas undertakings and by the *Maison Leclaire*, probably the oldest profit sharing and co-partnership scheme in existence.

The giving to the employee of a share in the control and responsibility, to my mind, gives the final answer to the charge that co-partnership is merely another and more subtle way of capital exploiting labour. It will give the worker that full understanding of industrial matters which must bring about that final and whole-hearted alliance to capital, management, and labour for the common good, which, in turn, must tend to a greater output, the underlying factor in any trade revival.

The various gas undertakings, as you are doubtless aware, have always been leaders in profit sharing and co-partnership schemes so far as this country is concerned, and it will be seen that they have endeavoured not only to increase the earning capacity of both the employee and the company, but to raise the standard of living of the employee. The more advanced undertakings, and their number is steadily increasing, have set up co-partnership or works committees composed of elected representatives of the employees, and of nominated representatives of the board and management. To these committees is delegated in greater or less degree an important share in the internal management of the undertaking concerned. Their educational value is enormous.

There is only one step more that is to give an opportunity to duly qualified representatives of the men to obtain a seat on the board of directors. Capital, management and labour then all meet at a common table with common interests, and the result is bound to be beneficial to all.

THE EXPERIENCE OF GAS COMPANIES.

The South Metropolitan Gas Company and the South Suburban Gas Company have long had such scheme in operation and have found themselves free from industrial troubles for over 30 years, and I think it will be helpful if we look closely into the details of the working of one of them, I mean the South Suburban Gas Company. Prior to the launching of the schemes of this Company and the older scheme of the Metropolitan Gas Company in 1889, Sir George Livesey, than whom no man has done more for profit sharing, had been urging on his co-directors the need of adopting some scheme of profit sharing as a means, not of weakening the power of the unions or lessening the risk of strikes, but of raising the standard of living of the employees. The scheme was adopted, and its first effect was to cause a strike. The union called the men out, but eventually the men, when they learned what the scheme was and what it really meant to them, decided to go back, and herein lies the moral: there has been no strike in the Metropolitan Gas Company since that date. While Sir George Livesey was not, as it is sometimes unjustly suggested, actuated merely by a desire to defeat a strike, the adoption of his scheme has had the remarkable result mentioned.

Five years later the scheme of the South Suburban Gas Company was started, its objects being to improve the lot of

the worker, to encourage thrift and self respect, and to create gradually but surely a wider outlook and a better understanding of social and industrial problems. The company was already working on a sliding scale basis, that is, there was a standard dividend payable on the ordinary stock and a standard price for gas. For every reduction of one penny under the standard price per 1,000 feet the company was allowed to increase the standard dividend by three farthings. Conversely, for every penny of increase over the standard price of gas to the consumer the standard dividend had to be diminished by three farthings.

This principle was adapted for the profit sharing bonus. A standard rate of bonus on wages was fixed at $\frac{2}{3}$ per cent., when the price of gas was 3s. 1d. per 1,000 cubic feet, and they undertook to increase the bonus by $\frac{2}{3}$ per cent. for every penny reduction in price. In 1894 the price of gas was 2s. 9d. per 1,000 cubic feet, so the scheme started with a bonus at the rate of 3 per cent. on wages. Every employee whom the company was willing to accept as a co-partner if he was willing to sign on for a definite period, usually twelve months, but with a minimum limit of three months, became entitled when the accounts were made up and the profits ascertained to a bonus of three per cent. of his wages. Of this one-half was paid in cash and the remainder accumulated in the hands of trustees at 5 per cent. until such time as the amount standing to the credit of the employee amounted to sufficient to purchase £5 worth or some other multiple of £5 worth of stock. It is then invested in ordinary stock of the company in the name of the employee. In order to encourage thrift, efforts are made to induce the employee to invest all the bonus and not merely the compulsory half, which as a matter of fact is what the employees largely do.

To provide the necessary stock for these investments the secretary of the company is authorised to go into the market from time to time to buy in advance the amount of stock he estimates will be required to meet the requirements when they are ascertained. The directors then fix the price at which the shares are to be sold to the co-partners, namely, at the average price that the secretary has been able to buy it in the market, and it usually means that the employees get the stock under its current price at the time. There is a distinct educational side to this, as it teaches the men to watch the markets, to get to know and appreciate the meaning and value of stock fluctuations. As an example of the way in which the men watch the market, I would instance what actually happened with the gas company in question. A few years ago, as you may remember, the market value of gas stock generally was, for reasons to do with war conditions, very much under its true value, and as conditions became more normal the market value began to appreciate rapidly. Meanwhile, the secretary had been buying stock until he had acquired some £8,000 worth, which was thought to be sufficient to meet the bonus for the year, and the board had fixed the price at which the stock was to be sold to the co-partners, but by the time that this had been done the stock had advanced again by several points. The co-partners put their savings together and applied for £13,000 stock.

It will be seen that this system combines all the essential principles of co-partnership, viz, that the employee shall obtain, in addition to his standard rate of pay for his trade, a share in the profits of the business and a share in the capital of the business. In the years before the war the efficiency of the company as a manufacturer and seller of gas increased, and the price of gas fell until, just pre-war, the employee co-partners were getting a $7\frac{1}{2}$ per cent. bonus, and the shareholders a 6 per cent. dividend.

There is also the other and at least equally important side, the giving to the employee a share in responsibility and control. From the very inception of the scheme a profit sharing committee, as it was first called, but afterwards a co-partnership committee, was set up, comprised of sixteen representative workmen elected by the co-partners themselves and an equal number of members nominated by the board of directors. This committee gives both the management and the workers the opportunity to meet and exchange views, and enables either side to realise the special difficulties of the other and to make reasonable allowance for them, and, what is even more important, it restores that personal element which modern industrialism has tended to destroy.

The sphere of activity of this committee has gradually increased, and in 1919 a permanent sub-committee known as the works committee, was elected, with its own secretary. It really acts in the nature of a liaison officer between the men and the co-partnership committee, and, there being no official present at its meetings, it is found that the men speak more freely, although not every complaint that comes before the works committee gets any further. The men do justice amongst themselves and only a case which is felt to have some merits is reported to the full co-partnership committee for consideration. From the co-partnership committee there is the right of appeal to the full board, whose decision is final. It is very rarely that a case goes as far as that.

The co-partnership committee, with its sub-committees, has very real duties and responsibilities. It looks after the social side and deals with all matters of the health, comfort, convenience and general welfare of the employees, including insurance, pensions, accidents and sick fund benefit. It makes the co-partner feel he will meet with justice in his dealings with the company, and goes far to make him feel he has a real voice in the affairs of the company and a real responsibility towards his fellow co-partners, whether they be workers, management or shareholders.

The scheme, however, does not stop there, and by the Act of 1904 power was taken for the election by the employee co-partners, by ballot, of two employee directors to sit with the shareholders' directors and take part in their deliberations, and to have equal powers. They retire by rotation, one each year, and are eligible for re-election. Their qualification is fourteen years or upwards continuous service and he holding of the necessary qualifying shares in the company. In April last there were no less than 50 co-partners possessing both these qualifications.

Having seen how the scheme is administered, let us consider its results. Over 30 years' harmonious working without a strike or stoppage, all the latent energy being put into more efficient work, shareholders and consumers have benefited by increased dividends, security of capital, and in the price of gas. No less than £80,000 stock is held by the employee co-partners, wealth which for the most part would never have been created but for the scheme, and if created would almost certainly never have been saved.

In the case of the South Metropolitan Company, the scheme is very similar, there being 32 co-partnership workmen and 32 members nominated by the board on their works committee.

A CARDIFF SCHEME.

The Cardiff Gas Company has a scheme in successful operation with no less than 335 members, who had sufficient moneys standing to the credit of their co-partnership accounts to enable them to participate in the division of stock, the stock allotted amounting to £4,769. They have their own National Insurance Approved Society—the total paid out in

benefits in one year amounting to £548—their benevolent fund and other social activities. In 1926 the company was able to set aside £6,268 12s. to provide co-partnership bonus for the coming year, which worked out at $6\frac{1}{2}$ per cent. on the wages paid.

In all, some 40 gas undertakings in this country have profit sharing schemes in operation, and all of them report unreservedly in their favour.

IN OTHER INDUSTRIES.

It is sometimes argued against profit sharing and co-partnership schemes that it is all very well for gas companies, they have no competition, but it would never do for other business. I think the best answer to that is to give you instances of some of the more important companies in other industries which have successful schemes in operation. Probably the most wonderful instance of a directly competitive business where profit sharing and co-partnership has been introduced with marked success is that of the Maison Leclaire, the famous French decorators. The story of this venture reads more like a romance than a mere record of prosaic business. The founder of the business, the son of a village shoemaker, who was born in 1801, was apprenticed to a house painter at the age of seventeen, receiving at the end of his first year a present of £4, at the end of his second year £8, and at the end of the third year, when he had become foreman, £12 with board and lodging. At twenty years of age he had become an excellent workman and, knowing his worth, demanded the pay of $3\frac{1}{2}$ francs per day and undertook to keep himself. Out of his first year's earnings of £45 he managed to lay by a sufficient sum, £24, to pay off the risk of being drawn for a soldier.

At the age of 26 he started up in business for himself in a little shop at the rental of £12 per annum with a capital of £40, and two years later undertook his first contract to paint and glaze seven newly built houses for the sum of £800 in a specified time. Everybody thought him mad to undertake the work, but nothing shook his resolution, and he offered the men who had worked with him when he was serving his own apprenticeship 5 francs a day instead of 4 francs, the rate of wages current in Paris at that date, to do the job. The men knew the character of the man they were working for and who was working with them, and he set them such an example of honest labour that the job was completed in time with a clear profit of £240. The excellence of his work brought him to the notice of Paris architects, and in 1834 he was employed in Government buildings and the Bank of France.

Various social reformers became interested in Leclaire's business, and in discussion with one of them Leclaire expressed the opinion, as far back as 1835, that the only solution of the labour difficulty lay in the participation of the workmen in the profits of the master. This idea of associated instead of dividend interests took possession of Leclaire, and he records that he made the following calculation: "I asked myself could a workman in our business, by putting more heart into his work, produce in the same lapse of time, that is a day, a surplus of work equivalent to the value of an hour's pay, that is 6d.; could he besides save $2\frac{1}{2}$ d. a day by avoiding all waste of materials entrusted to him, and of taking greater care of his tools?" Everyone will answer that he could! Well, then, if a single workman could arrive at the result of realising for the master an additional $8\frac{1}{2}$ d. a day, in 300 working days there would be a gain of £10 4s. 2d. per man, or in a business such as his (he at that time employed 300 men) of approximately £3,000 per annum. Here would be a handsome profit to be shared by the men, and gained, as it were, out of nothing.

In 1838 he founded a mutual aid society which at first was little more than a benefit club, but which was destined to develop into a corporate body representing the men's interest in the business and legally recognised as his sleeping partner. On the foundation of the society the subscription was fixed at 2 francs per annum, which entitled members to sick pay at the rate of 2 francs a day for the first three months' sickness and gratuitous medical aid. Its articles provided that the club could, if the members so decided, be wound up at the end of fifteen years and the assets (if any) divided.

In 1840 Leclaire called a meeting of his men and explained his idea of distributing a share of the profits. In 1842 he issued a circular to his men telling them that he was prepared to carry out his scheme on the one condition of strict submission to the rules of the house, and reminding them that there must be mutual confidence, and that what he had done in the past ought to assure them about the future. It is interesting to note that Leclaire applied to the Government to meet his men *en masse*, but they refused permission, the proceedings savouring of Socialism. The men, excited by certain articles in a weekly journal, were at first suspicious of the *bonâ fides* of the scheme, and wanted to know when the promised bonus would be paid. Leclaire soon settled the question, and although the promised participation was not due until January, 1843, when the proceeds of 1842 would have been calculated, he called his best men together, poured a bag of gold upon the table and proceeded to divide the profits of the previous year, £475, amongst the 44 men entitled to participation. This stroke worked wonders, for no one could now doubt his sincerity. From then on Leclaire developed the other side of his scheme, and in 1863 he made up the capital of the Mutual Aid Society to £4,000, and enrolled the name of the Mutual Aid Society as a sleeping partner in the business. From this day the society, as all other partners, received 5 per cent. on its invested capital, whilst it was allotted 20 per cent. of the annual profits, 30 per cent. being divided amongst the workmen individually in proportion to the wages earned. The remaining half of the profits were at this time shared by Leclaire and his partner, the son of one of his foremen who had served his apprenticeship in the house and was taken into partnership in 1853.

In 1869 Leclaire addressed a questionnaire to his men which included the following points:—

- Creation of a council of discipline.
- Nomination of foremen.
- Question of equality of salaries.
- Conditions to be fulfilled to become an individual sharer in the profits.
- Advantages to be granted to non-associates.

About 200 written answers were sent in by the workmen, which were carefully analysed and reported upon by the committee appointed for the purpose, and the final scheme was based upon the recommendations of this committee and received the approval of the workmen assembled in general meeting, becoming the binding charter of the firm on January 6th, 1869.

Leclaire died in 1872, leaving a fortune of £48,000, and had divided amongst his men individually or collectively £44,000. On the foundation laid by him the present Maison Leclaire has been erected, and year by year the figures show a steady increase both in profits and in participation.

Let us now turn to an entirely different type of business, and one with which most of you are acquainted, and let us see how they work their system. I am referring to Messrs. Cadbury Limited, of Bournville.

In 1923 this company established a welfare fund the objects of which were:—

- (a) To mitigate to some extent the hardship due to short time (short time scheme).
- (b) To enable employees to share in the firm's prosperity (prosperity sharing scheme).

The income of the fund available for the scheme was to be ascertained on the supposition that a block of ordinary shares in the British Cocoa and Chocolate Company, Limited, was held by the firm on behalf of the welfare fund employees. A sufficient number of such shares were taken as would, for the three years to June 30th, 1923, have produced yearly dividends amounting on the average to £50,000. The income available for the service of the welfare fund is the average of the dividends which would have been payable on such a block of shares for the three years preceding each June 30th. To this is added a sum sufficient to make the income free of tax at the current rate.

The fund is applied in the first place for the equalisation of the short time, and in the second place for the allocation of shares in the prosperity sharing scheme. As an example of how this works—a man of 26 years of age who has had a service of six years would receive one share. This would be increased to three when the number of his years of service reached nine. In explaining the scheme, the company stated that although the seasonal fluctuations of trade were largely outside the firm's control, and although they had little or no influence over these cycles of bad trade which recurred from time to time, still the firm wished to assume more responsibility than they had in the past in guaranteeing a minimum rate of payment per week to their employees. The scheme does not aim at paying a full working week to every employee, but to divide the burden, and, therefore, whilst the scheme does not entirely remove the unpleasant consequences that follow when the factory is not being utilised to its full capacity, it does set a definite limit to the extent that any individual can be affected.

With regard to the second part of the scheme, the allotting of shares, it was pointed out that in fixing the prices at which the firm's goods could be sold, the moneys distributed under the scheme would not be taken into account. In other words, the moneys are treated as an allocation of profits and the firm's competitive powers were not lessened in any way.

One important respect in which the Bournville scheme differs from any other is that it is not dependent on the profits exceeding a certain percentage on capital. Whatever dividends are received by the ordinary shareholders an equal amount is distributable on the scheme, with the exception that, in order to prevent sudden fluctuation, the income of the scheme is based on dividends averaged over a period of three years.

An exceptionally good point of the scheme is that the prosperity shares are not distributed proportionately to wages, but on a flat rate which only varies according to age, length of service and sex. In this way the lower wage employee, whose need is probably greater, reaps as much advantage as his or her better paid brother or sister.

Another well known firm which has gone in for profit sharing is the firm of Bryant & May. Their scheme provides for fair wages for capital and worker, and, after making allocations for reserves and depreciation, divides the remainder equally between the shareholders and workers. There is a non-contributory insurance fund for unemployment relief and a staff pension fund. A most important part of the organisation is recognised to be the works committee, whilst there are departmental and foremen's committees and others

for hospital funds, sick club, athletics, entertainments, libraries, &c.

Reckitts, with their 6,000 employees, started a profit sharing scheme in 1920, and the amount distributed in 1924 was £80,000, and for the five years a total of £250,000. Here each department has its own committee, and I cannot do better than quote from their last report:—"Their usefulness to the management has been readily acknowledged by the latter, and foremen are realising that the committees of their departments can be made valuable allies in their task of control, and as a medium of suggestion and expression."

Richard Thomas & Co., Limited, to come nearer home, whose pay-roll in South Wales is £45,000 per week, have encouraged their workers ever since 1913 to make deposits in their capital, and help their employees to own their own houses by advancing money to them on mortgage.

Bradbury, Gretorex & Co., Limited, manufacturers of Manchester goods, introduced a scheme in 1914, and in 1925 the share of profit accruing to the workers was £13,486.

Needlers, Limited, chocolate manufacturers. This company's scheme has one unique feature—a long service association for those employed twenty years in the case of men and twelve years in the case of women, and the members enjoy a number of privileges; they get longer holidays on full pay and receive a long service certificate and a present. After twenty years service they receive a gift of 100 £1 preferred shares, and in the case of men a life insurance policy of £100.

Lever Bros. (Port Sunlight), with its wonderful record of social amenities for its employees. I cannot do better than quote what Lord Leverhulme said when he introduced the scheme in 1909: "To the employees I would say, you are now offered an opportunity of sharing profits with capital and management, and have now the opportunity to show the kind of men you are; join hands with your co-partners in a manly agreement to do your part in the co-partnership. You will continue to receive the highest rate of wages and will work the regulation hours, with all overtime rates that are provided on the fullest scale that has ever been paid or arranged. Join hands with me to make the profits of this business sure and increasing. Let it not be a one-sided co-partnership. There must be a fund created out of which you can benefit. There cannot be any one-sided arrangement that can be of benefit to either of us. Live up to our motto, 'Waste not, want not.' Fill your business hours with work for the business, increasing the quantity of the product—increasing the quality of the product. Take care of the machinery and tools; help me to weed out the chronic idlers and grumblers from this business. If we come on to years when dividends cannot be paid you will suffer, but you will not be the only sufferers. Your co-partners will suffer and I will suffer with you, and you will have learned what business means and what the risks of business are, a lesson that you ought to learn just as much as myself. Here is the co-partnership. I find you a ladder to raise yourself to the heights out of your present troubles and difficulties. I place it against the wall for you, but it is out of my power, or the power of any man, to push another man up the ladder—man and ladder both fall. I offer you the co-partnership, it is for you to make it a success."

One of the most recent firms to adopt the profit sharing scheme was the firm of Rowntree & Co., of York, long recognised as leaders of reform in their relationship to labour, but, until recently, opposed to profit sharing schemes. After full investigation the directors have become enthusiastic converts to its merits, and have now launched a comprehensive scheme.

It may be of interest to you if I give you an analysis of the various trades in this country in which profit sharing and co-partnership schemes have been introduced.

Nature of Business.	Started.	Abandoned.	Surviving.
Agriculture	23	15	8
Building Trades	14	11	3
Chemicals, Soaps, &c. ..	22	9	13
Clothing	16	11	5
Electricity Undertakings ..	2	—	2
Food and Drink Manufacturers	34	18	16
Gas	40	4	36
Metal, Engineering and Ship-building	44	25	19
Mining and Quarrying ..	6	5	1
Printing and Allied Trades ..	44	27	17
Textile	25	8	17
Transport	4	2	2
Woodworking	10	9	1
Merchants and Retail Traders	58	33	25
Banking and Insurance ..	5	—	5
Other businesses	33	21	12
	380	198	182

These figures, taken from the last report (1920) published by the Ministry of Labour, would seem to show that in the majority of cases where such schemes have been introduced they have been a failure, but to get them in true perspective we need to look at the causes of abandonment.

Of the 198 abandoned 43 were abandoned because of altered circumstances such as death of proprietor, sale of firm, employer giving up business, or businesses converted into limited companies, 13 causes unknown, leaving 142 which had been abandoned either because of lack of financial success, diminution of profits, liquidation or dissolution, or dissatisfaction with the scheme. Of these 91 were abandoned on account of dissatisfaction on the part of the employers, 10 in favour of bonuses not on profit sharing, 13 on account of opposition by trade unions, and 1 opposition and dissatisfaction after the scheme had been launched on the part of employers and workmen.

Since the date of the publication of these figures the number of schemes which are in existence has increased from 182 to over 240, but I do not propose to weary you with details of all the schemes now known to be in use in this country, but I hope I have shown you that the successful adoption of such schemes is by no means confined to gas companies, but can with advantage be adopted by any undertaking, large or small, no matter of what its business consists.

As I said at the commencement of my paper, I was anxious, if possible, to bring out the advantage to the nation as a whole of the general adoption of the principles of co-partnership and profit sharing, and not to view the matter from the viewpoint of the abolition of trade disputes. This point of view cannot, however, be entirely ignored in considering the subject, especially when one takes into account the fact that for the two years and nine months ended December, 1926, viz, with the termination of the coal strike, 1,579 disputes had occurred involving directly or indirectly 8,793,000 people, and an aggregate duration in working days of 141,874,000. Even the first six months of the coal strike alone involved 2,736,000 people, and the loss of time was no less than 83,244,000 working days.

It is not surprising, therefore, that many observers are apt to take a pessimistic view of the future of this country, and the question is being asked on all sides, "Where can we look for salvation from a state of affairs that challenges our very existence?"

Legislature made its effort by adopting the report of the Whitley Committee and the setting up of the Industrial Courts under the Industrial Courts Act of 1919. These Courts of Inquiry have done a far greater work than many people realise, and one hopes that to-day the idea that the only means of settling a trade dispute is by the archaic weapon of the strike is a thing of the past. What must be done, however, is to drill into the mind of every producer the paramount idea of unity of interest and the need for sacrifice on both sides and we shall have achieved the first rung in the ladder of prosperity.

The hope of the country to-day lies in increased output, as without an output of plenty, plenty cannot be enjoyed. This increase of output cannot be achieved by restrictive legislature preventing strikes, but by the employer and employed realising their true community of interest. Employers and employed must meet on common ground with common interests, and how better can this be done than by means of the works committee and the co-partner directors already outlined. As Sir Josiah Stamp said some time ago, "Although we are in the twentieth century, as far as the realisation of economic truths are concerned we are still in the stone age."

Let us educate our workpeople, improve their conditions of living, increase their social amenities, and we shall certainly foster the will to work. Having created this will to work, let the employer give to the workman some adequate share in the result of his increased efforts, a share not only in the profit but in the capitalised profit, and, more important than all, a voice in the control. This voice in the control must inevitably improve the status of the worker, as it will give him an appreciation of the rights of ownership and enable him to see the inter-dependence of capital and labour from a new standpoint.

After the Napoleonic wars we were faced with a cycle of conditions almost identical with those we are passing through to-day, from which we only emerged through the industrial revolution. To what, then, are we to look to save us to-day? The old order of things is on its trial, undertakings which one regarded as landmarks of stability are toppling to the ground, a new order has to be established if we are going to avoid commercial chaos, and I sincerely believe that through the universal recognition of the principles of co-partnership and profit sharing we may hope to see the dawn of a new era which shall bring prosperity to the coming generation.

Obituary.

RICHARD LEYSHON.

We regret to announce the death of Mr. Richard Leyshon, F.S.A.A., F.C.I.S., after a long illness, at his residence, Piercefield Place, Cardiff, on January 12th. Mr. Leyshon was admitted as an Associate of the Society in 1896, and a Fellow in 1902. He was a member of the Council from 1922 until his resignation through illness in 1928. He was also a Vice-President of the Benevolent Fund, to which he was a generous contributor. His loss will be especially felt by the South Wales and Monmouthshire Society, of which he was President in 1903 and 1920/21. Mr. Leyshon took a deep interest in the student members of the Society, and contributed prizes from time to time for competition. He did not confine his generosity in this respect to the Society, but also helped other professional and educational bodies in a similar manner. Mr. Leyshon was retained as Consulting Expert by the Cardiff and Bristol Channel Shiprepairers' Association during

the war taxation period, and when, in 1918, a scale of depreciation allowances for income tax and excess profits duty purposes in respect of secondhand steamships was agreed upon between the Inland Revenue Authorities and the Council of the Chamber of Shipping of the United Kingdom, the scheme was formulated by him and he was largely responsible for its acceptance. In the year 1919, Mr. Leyshon took into partnership Mr. W. J. Pallot, F.S.A.A., who had then been associated with him for nineteen years, and the firm's practice continues under the style of Richard Leyshon & Co. A large and representative gathering attended the funeral, which took place at Cardiff on January 16th. The principal mourners were:—Mr. W. J. Bennett, F.S.A.A. (brother-in-law), Mr. C. Birchenough, Mr. Godfrey Bennett, F.S.A.A., Mr. Arthur Bennett, and Mr. Hal Bennett (nephews); and Mr. W. J. Pallot, F.S.A.A. (partner). The members of the staff of Messrs. Richard Leyshon & Co. present were:—Mr. J. E. Pearson, Mr. A. D. Thomas, Mr. W. I. Rodda, Mr. R. J. Mayberry, Mr. R. S. Lusty, Mr. A. L. Cockings, Mr. P. Griffiths, Mr. G. Jones, Mr. A. G. Charters, Mr. E. V. C. Nicholls, Mr. W. J. Price, Mr. G. Browne, Mr. T. Howells, and Mr. L. Long. The Society of Incorporated Accountants was represented by Mr. R. Wilson Bartlett, J.P., F.S.A.A., and Mr. G. E. S. Heybyrne, F.S.A.A., and the South Wales and Monmouthshire District Society of Incorporated Accountants and Auditors by Mr. Edward Mills, F.S.A.A. (President), Mr. Percy H. Walker, F.S.A.A. (Vice-President), Mr. T. N. T. David, F.S.A.A. (Hon. Secretary), Mr. J. Pearson Griffiths, F.S.A.A., Mr. P. A. Hayes, F.S.A.A., Mr. A. D. Peters, and Mr. L. R. Williams, F.S.A.A.

GEORGE HENRY McCULLOUGH.

Incorporated Accountants, especially those in Northern Ireland, have suffered a severe loss by the death after a short illness of Mr. George H. McCullough, of the firm of John H. McCullough & Sons, of Belfast, which took place at his residence, Kings Road, Knock, on January 14th. He was engaged in his office until within a few days of his death, when he contracted a cold which speedily developed into pneumonia. Mr. McCullough was elected an Associate of the Society in July, 1912, and a Fellow in 1919. His position in the profession in Northern Ireland and the place he held in the esteem of Incorporated Accountants can best be judged by the following tribute received from our Belfast Correspondent:—"George H. McCullough succeeded to the very old established firm of John McCullough & Sons, of Belfast. He was the trusted adviser of a large number of the most important businesses in the North of Ireland. Deceased was especially well equipped in professional knowledge, and this he placed generously at the disposal not only of his clients, but of his professional brethren generally. He was an enthusiast for the education of Incorporated Accountants, and indeed the affairs of the Society claimed a very large portion of his time. For three years he occupied the office of President of the District Society, and his term of office culminated in one of the most brilliant dinners ever known in Northern Ireland accountancy history. The Prime Minister (Viscount Craigavon), the Home Secretary (Sir Dawson Bates), and other influential persons were present. Deceased has left an abiding mark in the history of the Society in Northern Ireland. At the conclusion of his term of office the District Society's Committee took the unusual course of presenting him with a memento to mark their appreciation of his self-denying labours in the interests of the Society. Deceased was a man of wide culture, and took a deep interest in philosophical and literary subjects. Northern Ireland has suffered an irreparable loss in his untimely death at the early age of 44."

Correspondence.

FIRM NAMES AND INDIVIDUAL PRACTITIONERS.

To the Editors *Incorporated Accountants' Journal*.

SIRS,—The time has arrived for the Councils of the Society and the Institute to give serious consideration to the evil effects of their respective members having been permitted to use personal qualifications in a collective manner. This improper use has now continued unchecked for upwards of 40 years, with the result that the professional status of the individual accountant in practice for himself has to all intents and purposes become valueless as a business proposition. What has now happened is that, with regard to the appointment of auditors to joint stock companies, an established "firm name" (whether a true description or implied) has become of greater importance from the public point of view than the professional qualification.

It is but begging the question at issue to argue that, because the names of the real practitioners are disclosed on professional stationery, conscience is satisfied, for there are still the questions of names on prospectuses, signatures to documents, &c. The point for consideration is, what will happen to the individual accountant in the years to come if "firm names" are allowed to become permanent institutions, gaining additional reputation and renown as the years roll by?

It is true that many solicitors carry on their work under firm names, but it is equally true that other professions, such as valuers, auctioneers, chemists, &c., can carry on their professions as limited companies. On the other hand, we do not hear of doctors, surgeons, dentists and specialists attached to their professions practising under other names than their own, or practising as "& Co.," neither do we hear of them selling their names for use by other professional men. In these cases the public looks only to the individual, his qualification and reputation, and owing to the nature of our work this should be the case with the professional accountant.

One of the objects of the Society and the Institute is to provide equality of opportunity for all their members. I maintain that under existing conditions, equality of opportunity is ceasing to exist, for, by the permission to use "firm names" followed by a collective qualification, a handicap is placed on every member who would like to start in practice for himself, and as the "firm names" grow in age, this handicap is increased.

The cream of our professional work lies in the audit of the accounts of joint stock companies, and, by virtue of the regulations concerning the appointment of auditors to such concerns, no individual accountant with the necessary merit and ability and possessed of a personal reputation should experience difficulty in obtaining such appointments by sole reason of the fact that he is not known under a "firm name," especially as the appointment of a firm to such positions is not in accordance with the letter or spirit of the law.

It would seem that, unless something is done to restore individuality to our professional status, there will be an ever increasing number of qualified men who will have no alternative but to go through life in subordinate positions. In present circumstances, successful practice on one's own account, in one's own name, as an auditor, is becoming more and more difficult of attainment, and may soon become an impossibility, and one wonders what will be the ultimate outcome of this derogation of the individual qualification by the exaltation of the "firm name."

Yours, &c., EXPERTO CREDE.

Society of Incorporated Accountants and Auditors.

EXAMINATION RESULTS IN SOUTH AFRICA.

NOVEMBER, 1928.

Final.

Alphabetical Order.

- BERMAN, MEYER, Clerk to Ise Levy, Colonial Mutual Buildings, 106, Adderley Street, Cape Town.
 MARRIOTT, EDWIN STEPHEN, Clerk to Hemphill, Anderson & Co., P.O. Box 2755, Johannesburg.
 MURRAY, FREDERICK, Clerk to G. W. Warner, Maitland Street, Bloemfontein.
 STILL, WILLIAM GEORGE FREDERICK, Clerk to Halsey & George, Leuchars Buildings, Smith Street, Durban.
 TRIGGER, TERENCE BURKE, Clerk to P. Whiteley (Whiteley Brothers), Beresford Building, Main Street, Johannesburg.
 (12 Candidates failed to satisfy the Examiners.)

Intermediate.

Alphabetical Order.

- ALEXANDER, EDGAR ALFRED, Clerk to Sir Harry Hands (Hands & Shore), 108, St. George's Street, Cape Town.
 BELLARS, HAROLD KENNICK, Clerk to A. N. Smith (Deloitte, Plender, Griffiths, Annan & Co.), 201, Consolidated Buildings, Johannesburg.
 BODEN, CHARLES ROBERT, Clerk to P. Whiteley (Whiteley Brothers), Beresford House, Main Street, Johannesburg.
 CRESSWELL, FREDERICK JOSEPH JAMES, Clerk to S. L. Deane (Deane & Thresher), National Bank Chambers, St. Andrews Street, Bloemfontein.
 CLOTHIER, JAMES RAYMONT, Clerk to Douglas Mackeurtan (George Mackeurtan, Son & Crosoer), Old Well Court, 376, Smith Street, Durban.
 CORBISHLEY, COLIN RAMSAY, Clerk to Douglas Mackeurtan (George Mackeurtan, Son & Crosoer), Old Well Court, 376, Smith Street, Durban.
 DEMBITZER, HELY SAMUEL, Clerk to P. A. M. Hands (Hands & Shore), 108, St. George's Street, Cape Town.
 DICKSON, JOHN, Clerk to H. L. Collins, 23, A.B.C. Chambers, Fox Street, Johannesburg.
 EASTWOOD, JOHN HELPERUS RITZEMA, Clerk to J. D. A. S. Low (Douglas, Low & Co.), Consolidated Gold Fields Buildings, Corner of Simmonds and Fox Streets, Johannesburg.
 FREEMAN, CHARLES NOEL, Clerk to G. Hadfield (Douglas, Low & Co.), 32, Fletcher's Chambers, Cape Town.
 GRIEVESON, RONALD EUSTACE, Clerk to P. Whiteley (Whiteley Brothers), Beresford House, Main Street, Johannesburg.
 HOFFMAN, JACK, Clerk to Harold J. Notecutt, 6, St. George's Street, Cape Town.
 LAW, WILLIAM ARCHIBALD, Clerk to E. S. Crosoer (George Mackeurtan, Son & Crosoer), Old Well Court, 376, Smith Street, Durban.
 McFARLANE, PETER STEWART, Clerk to A. D. Hodgson (Douglas, Low & Co.), Consolidated Gold Fields Buildings, Corner of Simmonds and Fox Streets, Johannesburg.
 PRINGLE, WILLIAM DURANT, Clerk to H. P. Webber (Goldby, Panchaud & Webber), Beresford House, Main Street, Johannesburg.
 WELSH, ROBERT GOLLAN, Clerk to James Douglas (Douglas, MacKelvie & Co.), Dominion House, 141, Longmarket Street, Cape Town.
 WILLE, WALTER WILLIAM, Clerk to R. A. Dix, 12, Timber Street, Pietermaritzburg.
 (12 Candidates failed to satisfy the Examiners.)

Preliminary.

Alphabetical Order.

- BENNETT, NORMAN DAVIDSON, Clerk to Deloitte, Plender, Griffiths, Annan & Co., Board of Executors' Building, Manica Road, Salisbury, Rhodesia.
 HEWITT, JOHN FRANCIS, P.O. Box 313, Benoni, Transvaal.
 JACKSON, JOHN MARELY, 49, Doris Street, Kensington, Adelaide.
 (3 Candidates failed to satisfy the Examiners.)

Society of Incorporated Accountants and Auditors.

COUNCIL MEETING.

A meeting of the Council was held at Incorporated Accountants' Hall on Thursday, January 17th, 1929, when there were present:—Mr. Thomas Keens (President) in the chair; Mr. W. Bateson (Blackpool), Mr. Henry J. Burgess (London), Mr. D. E. Campbell (Wolverhampton), Mr. W. Claridge, M.A., J.P. (Bradford), Mr. W. Allison Davies, O.B.E. (Preston), Mr. E. Cassleton Elliott (London), Mr. W. Holman (London), Mr. Ernest T. Kerr (Birmingham), Sir James Martin, J.P. (London), Mr. C. Hewetson Nelson, J.P. (Liverpool), Mr. James Paterson (Greenock), Mr. W. Paynter (London), Mr. A. E. Piggott (Manchester), Mr. G. S. Pitt (London), Mr. Alan Standing (Liverpool), Mr. Percy Toothill (Sheffield), Mr. B. T. Warwick (London), Mr. E. W. C. Whittaker, J.P. (Southampton), Sir Charles Wilson, M.P., LL.D. (Leeds), Mr. A. E. Woodington (London), Mr. A. A. Garrett (Secretary), and Mr. J. R. W. Alexander (Parliamentary Secretary).

Apologies for non-attendance were received from Mr. Henry Morgan (Vice-President), Mr. F. Walmsley, J.P. (Manchester), Mr. Arthur Collins (London), Mr. W. H. Payne (London), Mr. J. Stewart Seggie (Edinburgh), Mr. A. H. Walkey (Dublin), and Mr. W. McIntosh Whyte (London).

MR. FREDERIC WALMSLEY.

The Council passed a resolution of congratulation to Mr. Frederic Walmsley, J.P., Past President, upon the attainment of his eightieth birthday.

INCORPORATED ACCOUNTANTS' HALL.

A report was received from the Hall Committee (a) that the Society's administration would be moved to the Hall on January 23rd, and (b) as to the progress of the work of re-conditioning the Hall.

In view of the restricted accommodation at the Hall, a scheme was sanctioned for the distribution of tickets for the formal Opening on February 19th, and for the Dance on February 20th. Arrangements were also made for the issue of invitations to the Receptions to be given by the President and Council on February 20th, 21st and 22nd.

DEATHS.

The Secretary reported the deaths of the following members:—Mr. Percy Alexander (London), Mr. William Bennett (Birmingham), Mr. Charles Edward Butcher (Liverpool), Mr. Walter Langton (London), Mr. James Roberts (Bervie), Mr. William Thomas Rowlinson (Luton), Mr. Richard Leyshon (Cardiff), and Mr. George Henry McCullough (Belfast).

The Council passed resolutions of condolence with the family of the late Mr. Richard Leyshon, formerly a member of the Council, and with the family of the late Mr. George H. McCullough, Past President of the Belfast District Society of Incorporated Accountants.

COUNCIL.

A vacancy having occurred by the resignation of the late Mr. Richard Leyshon, it was resolved unanimously to appoint to the vacant seat, as a Provincial Member of the Council, Mr. Richard Wilson Bartlett, J.P. (Walter Hunter, Bartlett & Co.), Fellow in public practice, of Newport (Mon.), Cardiff and London, in accordance with the provisions of Article 48.

INSURANCE COMPANY AND PROFESSIONAL WORK.

A report was received that an insurance company was seeking to obtain an alteration to its Memorandum of

Association to take power, *inter alia* "To act as an ordinary custodian or judicial trustee and to undertake the office of receiver, treasurer, or auditor of any property, or receiver, liquidator, administrator, or assignee of the estate of any bankrupt or insolvent person or company, or in the winding-up of any company."

It was directed that representations be made on the matter.

SOUTH AFRICAN MATTERS.

A report was made that Mr. Charles Hewitt, Chairman of the Society's South African Northern Committee (Johannesburg), was on a visit to London, and was attending a meeting of the Committee of the Council dealing with South African affairs.

INTERNATIONAL CONGRESS OF ACCOUNTANTS, NEW YORK, 1929.

It was resolved to appoint a delegation from the Society consisting of the President (Mr. Thomas Keens), Mr. C. Hewetson Nelson, J.P., and Mr. Arthur Collins, and the Secretary, Mr. A. A. Garrett, to represent the Society at this Congress, and to accept the invitation extended by the Congress Committee.

COMMITTEE OF THE COUNCIL ON SOUTH AFRICAN MATTERS.

A meeting of this Committee of the Council was held in Incorporated Accountants' Hall on January 21st, 1929, for the purpose of conferring with Mr. Charles Hewitt, Chairman of the Committee of the South African (Northern) Branch of the Society, which has jurisdiction in the Transvaal and Rhodesia. There were present Mr. G. Stanhope Pitt (in the chair), Sir James Martin, Mr. W. McIntosh Whyte, Mr. A. A. Garrett (Secretary), and Mr. J. R. W. Alexander (Parliamentary Secretary). The Committee discussed with Mr. Hewitt the Society's current business in South Africa. A report of the meeting was prepared and ordered to be forwarded to the three Committees in South Africa. The Chairman asked Mr. Hewitt to convey to the members of the Society in South Africa the cordial greetings of the Council.

Reviews.

Youth's Opportunity.

A synopsis on success in Business collected by R. B. Dunwoody, Secretary of the Association of British Chambers of Commerce. The Times Publishing Company, Limited, Printing House Square, London, E.C.4. (Price 6d.).

This small volume of 70 pages contains an address by Mr. Dunwoody on Junior Chambers of Commerce, a movement which has come from America and which has received the approval of the Prime Minister, Mr. Baldwin. Supplemental to the address is some trenchant advice to young men by Mr. A. M. Samuel, M.P., Financial Secretary to the Treasury, and a collection of views from leading representatives in all forms of industry, commerce, transport, shipping and finance to whom Mr. Dunwoody addressed the following questions:—

- What is the training necessary for a young man entering a business career in this country to-day?
- What are the qualities which make for success in business?
- What are the opportunities which offer themselves in this country and in the Dominions to a young man in business?

It must not be assumed that "business training" is unconcerned with the qualities which make for success in preparation for a professional career, and it may be of interest to Incorporated Accountants Students to point out that the contributors include Sir Josiah Stamp, Sir James Martin and Mr. C. Hewetson Nelson. In an introduction to the little

volume the editor of *The Times Trade and Engineering Supplement* says: "There is little enough that any man can do to help those who will follow him. Youth is naturally intolerant of age: conditions are changing more rapidly than ever before, and the young men of to-day, who will be the leaders of to-morrow, must rely largely on their own efforts to establish their position. But those who have had a wide experience of life can do something to help the younger men. They cannot order their lives for them, but they can leave a record of their own journey, marking on the chart, as it were, the dangers that beset the course, and recalling general sailing directions which they have found to be of value, in the hope that, with these to guide them, the young men of to-day will not feel they have embarked on perilous seas without chart or compass and with neither landmarks nor stars visible."

Not only young men but those responsible for their training and preparation for the future will do well to invest the small coin necessary for the purchase of this valuable and interesting publication for, as the Preface from which we have already quoted says, "by the encouragement of youth a man may render greater service to the world than he can by personal effort."

Banking, Currency and Foreign Exchange. By E. Miles Taylor, F.C.A., F.S.A.A., and C. L. Lawton, A.C.A. London: Macdonald & Evans, 8, John Street, Bedford Row, W.C. (272 pp. Price 8s. net.)

This book has been written to meet the needs of candidates for the Final examinations of the Institute of Chartered Accountants, the Society of Incorporated Accountants and Auditors and the Chartered Institute of Secretaries. It is designed especially for those who have not had practical experience in these matters, which is often the case. Parts I and II deal with Banking and Currency, Part III with the London Money Market, and Part IV with Foreign Exchange. The matter is well arranged and the expositions are clear and precise.

Incorporated Accountants' Students' Society of London.

Syllabus of Lectures and Discussions
for the Spring Session:—

1929.

- Feb. 26th. Lecture, "Notes on Accountancy and the Problem of Management," by Mr. W. J. Back, Incorporated Accountant. *Chairman*: Mr. William Strachan, Incorporated Accountant.
- Mar. 5th. Joint Meeting with the Insurance Institute of London. Lecture, "Insurance by Groups—(a) Life; (b) Disablement; (c) Pensions"; by Mr. H. E. Raynes, F.I.A., F.C.I.I. *Chairman*: Mr. W. Norman Bubb, President of the Society.
- Mar. 12th. Lecture, "The Future of the Accountancy Profession" by Mr. E. E. Spicer, F.C.A. *Chairman*: Mr. Thomas Keens, President of the Society of Incorporated Accountants and Auditors.
- Mar. 19th. Lecture, "Consumer Credit," by Mr. J. Gibson Jarvie. *Chairman*: Mr. E. Mackenzie Hay, Junr., Managing Editor, *The Statist*.
- Mar. 26th. Lecture, "Holding Companies and their Accounts," by Mr. E. Miles Taylor, F.C.A., Incorporated Accountant. *Chairman*: Mr. Robert Ashworth, F.C.A., Incorporated Accountant.
- April 3rd. Lecture, "Central Banking and Trade Progress," by Mr. A. C. Wade, City Editor, *The Evening Standard*. *Chairman*: Mr. Henry Morgan, Vice-President of the Society of Incorporated Accountants and Auditors.

All the meetings are to be held at 6 p.m. at Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2.

Yorkshire District Society of Incorporated Accountants.

Dinner at Leeds.

There was a large and representative attendance at the official dinner of the Yorkshire District Society of Incorporated Accountants, held on January 18th, at the Queen's Hotel, Leeds. Mr. FRANK C. CROSLAND, A.S.A.A., President of the Society, occupied the chair, and the official guests present were: County Alderman G. B. Lomas-Walker, President of the Leeds Law Society; Mr. Rhodes Calvert, Secretary, Leeds Chamber of Commerce; Mr. Clifford Bowling, Official Receiver, Leeds; Mr. Chas. Hewitt, F.S.A.A., Chairman of the Society's Committee in Johannesburg; Mr. Joseph Rhodes, F.S.A.A. (Bradford), President, Bradford District Society of Incorporated Accountants; Mr. H. Reynolds, F.S.A.A., Secretary, Bradford District Society of Incorporated Accountants; Mr. A. E. Piggott, F.S.A.A. (Manchester), Secretary, Manchester District Society of Incorporated Accountants; Mr. C. H. Wells, F.S.A.A., Sheffield; Mr. J. H. Richardson, F.S.A.A. (Sheffield), Secretary, Sheffield District Society of Incorporated Accountants; Mr. Edward Darwell, F.S.A.A., President, Newcastle-on-Tyne District Society of Incorporated Accountants; Mr. H. S. Wainwright, F.C.A., President, Leeds and District Chartered Accountants Society; Mr. J. Lloyd, F.C.A. (Leeds), President, Leeds Chartered Students' Society; Mr. T. F. Braime, President, Leeds Chamber of Commerce; Mr. Snowden Schofield, President, Leeds Chamber of Trades; Mr. R. E. Dower, President, Leeds Steel Trades; Dr. Terry Thomas, Headmaster, Leeds Grammar School; Mr. Walter Parsons, late Headmaster Leeds Boys' Modern School; Mr. James Mitchell, City Treasurer, Leeds; and Mr. Graham Ford. Others present included Sir Charles Wilson, M.P. for Central Leeds; Mr. Alfred Walton, F.C.A., F.S.A.A.; Mr. Fredk. Holliday, F.S.A.A.; and Mr. T. W. Dresser, F.S.A.A., Hon. Secretary, Yorkshire District Society of Incorporated Accountants.

Mr. C. H. WELLS, in proposing the toast of "The City and Trade of Leeds," said as accountants they naturally looked upon a city or trade from their own particularly selfish point of view. They felt that as a profession the trades could hardly do without them, and that at the same time if their clients failed they failed along with them. They derived less satisfaction from bankruptcies than they did in taking part in prosperous shareholders' meetings and being re-appointed auditors at, they hoped, increased fees. He could not forget that on a very recent occasion Leeds was considered important and attractive enough to become the headquarters of the conference of the Parent Society. Their District Society was known as the Yorkshire District Society of Incorporated Accountants. In Sheffield they had the Sheffield and District Society of Incorporated Accountants—small but, in their eyes, very important—(hear, hear)—and old established, and though they were jealous of their right to be distinguished from the Yorkshire District Society, yet they felt pride in the fact that they were nevertheless Yorkshire accountants and Yorkshiremen.

Mr. T. F. BRAIME responded.

Mr. ALFRED WALTON, in proposing the toast of "The Legal Profession," said it had been suggested that the ideal accountant was the one who could spend six or twelve months in a lawyer's office, and the ideal lawyer one who could spend

six or twelve months in an accountants' office. "I have doubts as to the wisdom of that interchange" said Mr. Walton, "but the best interest of the community can be served by the lawyer and the accountant working hand in hand. What the lawyer does not know the accountant does, and *vice versa*." They should work in close co-operation in the interests of their clients. At one time the lawyer was jealous of the encroachments on his work by the accountant, and the accountant was jealous of the lawyer. He believed there was a line of demarcation which should be honorably observed by the two. As accountants they had a high regard for the wisdom, learning and judgment of the members of the legal profession, and they were glad that the importance of their work was recognised by imposing upon the entrants to the Law Society a test in book-keeping. Their profession was not as old as the legal profession, but he thought they would agree that their businesses might be complementary one to the other.

County Alderman G. B. LOMAS-WALKER, in responding, said he regretted that more members of the accountancy profession were not found on their local bodies, because so many of those who sat on public bodies were ignorant of figures and refused even to attempt to understand them. This was deplorable. They had an example of it in the De-rating Bill in the House of Commons. A certain formula was put forward, and he thought that 99 per cent. of the members of local authorities and of the House of Commons sat down and said "This involves figures. It is impossible for us to understand it." This was not good for public life. Lawyers and accountants did contribute something to the common lot, not only to the commercial life of their country but to its public life. He thought that however much people might make fun of them in their respective professions, however much they might criticise their bills of costs—which, unfortunately, they had occasionally to deliver—they were beginning to appreciate the fact that the time when they should consult their lawyers and accountants was not when they had got into difficulties, but when they were beginning some venture and laying the foundations of a business. The sooner this was appreciated by commercial men the more successful they would be. Speaking of both professions, it was a great deal more to their pleasure, and in the long run to their benefit, to be able to contribute something to the constructive commercial life of the country than to wind up businesses and bring them to an end, with the consequent suffering of those employed. He thanked them on behalf of the legal profession, and said that however much they enjoyed coming to these dinners they enjoyed their hosts still more when they came to their offices to consult them. (Laughter.)

Dr. TERRY THOMAS, in submitting "The Accountancy Profession," said he was pleased to see the wonderful and esoteric series of lectures given to students of accountancy last year. "I think if they are reared on that fare year by year," said Dr. Thomas, "when they become fully fledged accountants there will be little in heaven or on earth that they do not know about business." Accountants had been called the watch dogs of commerce. If that were true he hoped the bones were juicy and plentiful. Business looked to the lawyer to interpret the meaning of words, and business looked to the accountant to interpret the meaning of figures. Those two were guardians of the public. They looked to accountants as the hall-mark of honesty and fair dealing. Companies would soon find that the ready flow of money would dry up were it not for the confidence which the public felt in those wonderful balance-sheets which were produced for their consumption and edification. In so far Incorporated Accountants are not only mentors of business but the servants

of the public. The public had every confidence when an accountant certified the state of a business to be satisfactory. The profession also rendered public service. He mentioned Sir Charles Wilson, whose life-long work for Leeds was now so much appreciated by his fellow citizens. There were many who, in the same way, had made a free will offering to their city or nation of the valuable skill and technical knowledge they had acquired as accountants, and it was one of the objects of their Society to foster that public work. As an educationist, he said he was interested in the training of their student members. However important it was that they should acquire professional technique, it was even more important that they should acquire the confidence of the public for probity and professional honour. As they set up a standard of honour in their profession, he was sure they were doing valuable public service.

Mr. H. S. WAINWRIGHT, in responding, said: As President of the Leeds and District Society of Chartered Accountants, he could say his Society was always willing to co-operate with theirs in any joint action which would promote the interests of the profession in their district, particularly in preserving the high reputation it had established in the eyes of the public—a reputation which both Parent bodies had guarded well and would continue to guard with the utmost care and solicitude.

Mr. F. C. CROSLAND, who also responded, said that with regard to the work of their District Society, it was true they aimed at giving student members some education in professional subjects. During the winter months they had their lectures, which were well attended and provided an excellent opportunity for intercourse and discussion.

Mr. CHAS. HEWITT, of Johannesburg, Chairman of the Society's South African (Eastern) Committee, who was on a visit to this country after an absence of over 30 years, said that 25 or 26 years ago compulsory registration of accountants was established in the Transvaal. This had not been an unqualified success. In the opinion of many accountants it had been a total failure. One reason was that it gave an artificial qualification to many people, and set them up in competition with those possessing a recognised diploma. Another thing was that they could not discipline their members entirely by their own Society because they had to go to Court if they wanted to deprive anybody of his status as a member of the registering body. In one case a Judge found two men guilty of fraud, but considered that that exposure was sufficient punishment, and these men were practising still. During the last year a Bill had been promoted in the South African Parliament—and it had become law—called the Chartered Accountants Designation Act. He was entitled to-day, without fear of any legal consequences, to call himself a Chartered Accountant. You could no more make a Chartered or an Incorporated Accountant by Act of Parliament than you could procreate the species by the same means. It would, therefore, interest them to know that a large number of firms of accountants in South Africa were continuing the use of their title of Incorporated Accountants. The introduction of this Designation Bill had bound them together, and had made them stronger than they had ever been before.

Sir CHARLES WILSON, M.P., responding to the toast of "The Houses of Parliament," said that when, many years ago, he set out to organise the Yorkshire District Society there were about twelve members. It was exceedingly difficult to stir the members to come away from their job to learn to qualify themselves better. He had been President for a long time and he was still their Treasurer. His connection with the Yorkshire District Society and the Council of the Parent Society had been one of the pleasantest experiences of his life.

The Accountant as Administrator.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London by

MR. THOMAS HAWORTH,
INCORPORATED ACCOUNTANT.

The chair was occupied by Mr. C. A. SALES, LL.B.,
Incorporated Accountant.

MR. HAWORTH said: The subject of my remarks this evening is "The Accountant as an Administrator." That is the short title, and I can only hope it has not led you to expect that I am going to discuss the work of the accountant administering his own practice, because of that aspect I have no experience whatever. I want to talk about the accountant who is engaged as the accounting officer of a private or public enterprise: of his position, his duties and his responsibilities.

There are many accountants in the service of some of the largest undertakings in the country. Not all of them are engaged solely, or even primarily, on accounting duties. Their training and, of course, their own individual personalities have fitted them to take up positions of wider control and to direct policy—not always alone the financial policy; but although an interesting evening might be devoted to the accomplishments of some of these distinguished members of our profession, it is better in view of the character of these lectures to confine ourselves to matters which have, or should have, a distinctly educational value.

It must be admitted that the position of the accounting officer in an undertaking is more often than not a matter of the individuality and the personality of the officer concerned. If he is a "strong" man he may succeed in obtaining recognition of the real sphere of accounting and of the position properly due to him, and when I say "strong" I do not mean it in the sense of having a ruthless and overbearing manner; but if he has never studied or tried to set down the scope of his duties, then, however strong he may be or whatever title he may have, he may still fail to become the head of a successful accounting organisation.

I have said that the position of accounting officer will be found to vary enormously in different undertakings. Each of us has probably some idea of what he should be and should do, but I have not yet seen any attempt to set out even broadly the proper scope of an accounting officer, while it is highly improbable that it is anywhere set out comprehensively. My primary object this evening, then, is to survey this field of operations and to offer an outline, developed here and there according to my own strong beliefs or personal idiosyncrasies.

There will, I am sure, be little room for disagreement in taking it for granted that the accounting officer will be responsible for the financial accounts of the undertaking. I am aware, of course, that the board is responsible to the public, but the responsibility for the preparation will be with the accounting officer.

If this were the aim and end of the accounting officer's work, then he might view with equanimity some of the peculiar documents issued under the name of accounts, particularly if he is not asked to put his name to them, but if he has his eyes open to the economy and good working of his own department, and to the progress of the undertaking as a whole, he will consider deeply whether they cannot be considerably improved.

In this country we are brought up on law and order, and rather overfed, I think, with tradition. The accounts of many undertakings to-day are relics of periods when operations were on a small scale and of times when internal accounting was practically unknown. They are often crude and uninformative—I feel in some cases intentionally so—while the amount of work required in their preparation often necessitates a considerable re-grouping or re-shuffling of figures if any attempt is made at internal accounting.

What has happened is that the profession generally has paid too little attention to the problems of internal accounting and their relations with the accounts of the undertaking. Accountants have been content to adopt a benevolent attitude, while yet uttering the platitudes of omnipotence, that "cost accounts must agree with the financial books," and insinuating the existence of separate accounts with which they had and have no real concern. As the result of a fairly long experience in these matters, I cannot help but conclude that this attitude is not helpful.

Sir Mark Webster Jenkinson has quite recently drawn attention to the balance-sheet as one of the accounts to which attention can usefully be given, and now within the last few days we have had Sir Gilbert Garnsey also descending on the limitations of the balance-sheet. I am going to suggest that the usual form of revenue account, whether it is a published document or simply prepared for the delectation of the Board, and whether it be manufacturing, trading or selling—it is given a variety of titles—has at least equal room for improvement. It is usually an omnibus account, containing stores and stock accounts, and operating, production and trading accounts all jumbled together in such a manner as to give the concluding chapter without having told the story. As a document it may be of interest to the statistical mind, but as an instrument of control, purporting to deal with live and up-to-date information, it can be very much improved. It gets there with the result, which is about all that can be said in its favour.

In these days, particularly in industrial undertakings, when a plant is comprised of subsidiary and self-contained services, such as steam and electric power, water, transport, maintenance and others, such an account is in fact hopeless. Quite often it contains items of what may be termed the primary expenditures, such as wages, salaries, materials, electricity, gas, &c., only so far as they relate to the manufacturing or producing operations, but when these items arise in respect of one or other of the subsidiary services they lose their identity and appear as, e.g., repairs, motor transport, electricity, &c. Why the inconsistency? Simply that so little attention is paid to the internal accounting.

This is a matter on which very much more could be said, but I shall have to leave it now with the recommendation that the accounting officer ought to consider whether the periodical accounts are framed on the best possible lines, not only to enable him to compile the information without special effort, but to disentangle the various viewpoints which can never have their real significance in such an omnibus document. If they necessitate a re-assembly of information, he should certainly leave no stone unturned to get them altered, and he should not for one moment countenance an independence of the financial books (so called) from the internal accounts.

Now I am going to refer to another phase of the accounting officer's duties. In addition to his responsibilities in the keeping of the financial accounts, he is, or ought to be, the audit officer of the organisation. You may like to draw distinctions, and, if you like, I will say that he is the internal

auditor, but there should be no mistake about his position as the one officer of the organisation whose duty it is to see that the other officers are not exceeding their powers and the authority (express or implied) which is vested in them.

This function of internal audit can be carried out in two ways: firstly, by the accounting record being kept independently of the executive officers, and secondly by means of an examining or checking organisation periodically inspecting the accounting records which are not kept under the control of the accounting officer. The second is uneconomical, but it cannot be ruled out altogether because there must be cases in every organisation where complete divorcement of the active duties of operating, producing and selling from the passive duties of accounting or recording cannot be made.

In theory at any rate the purpose of this audit is to see that each and every officer of the organisation carries out his job according to his authority, and renders proper and satisfactory explanation for every excess of that authority. The extraordinary thing to me is that so few organisations have laid down what in fact these authorities are to be, with the result that no proper audit or check can be made. Officers are often allowed, irrespective of their standing, to place orders and to give instructions involving unlimited expenditure without check or control of any kind, and so to place the accounting officer as auditor in a very difficult position.

The very first instrument of control in any organisation should be a statement of standing orders, or whatever other name may be chosen, defining the position of every officer of the organisation, and in the case of the active officers who have the duty of spending or incurring expenditure, what they may do and what they must seek authority for. These orders would obviously be issued by the general management and possibly approved by the board, though the accounting officer should be instrumental in outlining the basis and method of compilation.

Without going into any great detail, a few guiding lines may be set out for those who have not had the opportunity of considering the matter hitherto:—

- (a) As a general rule, the management of a business does not confer any right to extend its scope, and accordingly capital expenditure can only be incurred upon a resolution of the board;
- (b) According to the size and extent of the undertaking, no charge to capital expenditure below a specified amount should be allowed;
- (c) Isolated transactions even on revenue account involving abnormal expenditure should be approved by the board;
- (d) The authority of every officer from the general manager downwards should be limited in amount, and also as to the character of the expenditure;
- (e) The negotiation and settlement of claims must be properly covered and the writing off of book debts delegated to specific officers;
- (f) The accounting officer should have no authority to write off balances (except a minor discretion in small amounts to economise cost of collection).

And so one could go on, but of course the extent and the type of the organisation will determine the degree to which such orders and instructions have to be carried.

As an illustration of this method of control I have had reproduced specimens of such orders and instructions. They

cover a variety of subjects and, as the illustrations will show, they are not merely limited to the financial control. I ask you to regard them rather for the manner than the matter of the instruction. In other words, I am not giving the specimens necessarily as being typical of a good organisation, nor indeed am I suggesting that in my own illustrations there is that clarity and precision of diction which is indispensable.

By the way, the drafting of such instructions is very good exercise for cultivating clear expression and good diction. It is not to be undertaken lightly, for the possible interpretations which can be put upon loosely worded instructions when in the hands of other officers make them nothing but a nuisance and possibly worse than no instructions at all.

As a passing commentary upon the relations of the official auditor with the internal audit, I invite your attention to the discussions which arise from time to time in our journals, and to the cases which come before the Courts on the question of verification of stock in trade. It is argued by the profession, I think, that the auditor is not expected to be a valuer, and little or no responsibility is taken in certifying the stock valuations. There are, of course, circumstances where it is impossible to do very much, but with the modern undertaking which has a proper and complete system of stores accounts I fail to see why an auditor should shelter himself behind the certificates of the company's officials. He may not be able to devote a large amount of time to the job unless the fee permits it, but I am satisfied that with proper stock accounts and an internal audit organisation, he has every information and facility for taking on this additional responsibility. In my view this is one of the limitations of the auditor's certificate and of his work which in these days ought not to exist.

Now the third phase, and undoubtedly the larger phase, of the accounting officer's work relates to what may be termed the management aspect. The success of any enterprise is, in fact, the aggregation of the successes of its several officers, and the management presumably wants to know how each is carrying his job and contributing to the general welfare. Obviously it is wrong to leave to any individual the opportunity to tell the story of his own accomplishments without verification, since he is an interested party, however righteous and conscientious an individual he may be. The legislature will not allow a board of directors to submit accounts to its shareholders without audit, and similarly it is essential that this record of individual accomplishments should either be prepared independently by some other officer (the accounting officer) or otherwise submitted for his scrutiny and verification.

The official audit is by way of independent verification, but with the development of industry such a method for an internal audit would be cumbersome and uneconomical. The operatives or the staff employed on production should not have their work or their interest divided by the keeping of records. Division of effort in the keeping of records has the effect of considerably increasing efficiency all round, and therefore it is desirable to take away that part of the job from the officer who is engaged on active duties, and put it out to another officer who has no interest in the results they disclose, but is specially charged with the duty of rendering the account.

This is a point upon which it must be admitted there is some difference of opinion. On the factory side the management often claims that the records of production are domestic and not accounting, and that what has come to be known as costing is no part of the accounting officer's duties. Unfortunately also, members of our profession have unconsciously added weight to this claim by insisting that the cost accounts must agree with the financial books, thereby implying, as I have said, a separation which ought never to exist in fact.

It is my claim that the cost or internal records are official accounting records, and not merely domestic records, and that the organisation which continues the policy of relegating its accounting officer to the charge of the accounts for statutory or financial purposer only is not a good organisation and is not being worked in the most economical manner.

The only accounting organisation worth the name is that which starts at rock bottom, with the primary form of record, whatever it may be, the wages ticket, the purchase order, the sales order, the output record, and from that point builds up its accounts of operating, producing, selling, &c., quite independently. Of course, this is put forward as the ideal for the big undertaking. In practice compromise is often necessary, especially in the smaller organisations where complete divorcement is not possible, but there can be no doubt that in the long run it is better to leave to an officer specially charged with the job the work of presenting the account and then for the management to compare that account with the expectation or promise. And bear in mind that if explanation is called for, it is *primâ facie* the business of the officer whose account is being presented to furnish that explanation. He may, and probably will, have to call on the accounting officer for assistance (which will be freely given), but it is not the job of the accounting officer to give explanations. His purpose in life is to furnish facts.

The development of this argument and line of thought has proceeded on certain assumptions which, however, do not always apply. If the accounting officer is to render the statement or account, it must be upon proper evidence of facts. Too often the accounting officer assumes the prerogative of himself determining the destination of a charge and thereupon ledgering it up against some department and its unhappy officer without his consent. The reason for this is that a purely impersonal aspect has been taken of internal accounting, and much of the talk about costing and many of the so-called costing schemes totally ignore this personal aspect of accounting.

It cannot be repeated too often that the accounting officer carries a purely passive job. It is not his business to allocate expenditure; that is for the officer who is spending the money. The accounting officer, in conjunction with the management, will lay down the basis of the accounting classification and decide the departments or points to which expenditure or income are to be located, but having laid that down, it is for the officer spending the money to do the allocation. If you found in your pass book a debit for a cheque which you had never drawn, you would want to know about it. And it is for the reason that many officers have had good reason to question accounts put forward by accounting officers that feelings of distrust have arisen against the accounting officer and all his works.

We now come to discuss the point as to what in fact are accounting records. Most of you will agree offhand and accept without argument that the usual books of account comprising sale and purchase journals, personal and impersonal ledgers, &c., are accounting records proper. The reason is, of course, that they summarise the transactions of the undertaking, and we have been used to regarding the undertaking as a whole as the unit for which an account has to be rendered. If, however, we accept the position that, in addition to the accounts of the undertaking, the records of its individual officers are also to be subject to accounting control, then it is obvious that very much more work must fall under the purview of the accounting officer.

How far does this extension go? The technical officer will contend that technical and operating records cannot be considered as subject to accounting control. My short

answer to this is to ask the question: Is it possible to pre-determine with reasonable accuracy the results which are expected? If so, then such records become a matter for accounting control. In other words, if the production or operation is on a commercial scale and not the subject of experiment, then it is my claim that technical records come within the ambit of accounting control. The management desires to know the achievements of its officers in terms not only of £ s. d., but of the technical and operating efficiencies. There is a good deal of bogey still to be waylaid in regard to technical records. It is true, for example, in the chemical industries that chemical formulae are involved, but a simple acquaintance with the theory of atomic weights and a little practice in elementary chemical arithmetic is all that is required to handle the technical balance-sheet of any chemical process carried out on a commercial scale.

The claim is made that such matters are not capable of being handled by the accounting organisation, and it must be stated that they have usually been regarded as matters beyond its scope, but what do we find? The technical records are more often than not kept by clerks, and not by trained chemists or engineers. These men acquire a certain amount of information and facility in the work, but they have ordinarily no superhuman faculties. If they go, their work is taken up without much difficulty by others. Actually, of course, the question of the personnel is beside the point. The only thing to consider is under which officer the record shall be kept, i.e., whether by the executive or by an independent accounting officer.

Of course, there are and must be in all undertakings a certain number of records which are of interest only to those engaged on the operations or processes. The difficulty, usually, is to draw the line so as to be able to say which are domestic and which accounting. Much of this arises through the rather loose and haphazard methods upon which industry is conducted, with the result that many records are compiled of quite useless information. I firmly believe that if more effort were put into the planning of work and its physical control through the shops, the amount of paper which could be cut out would astonish most people. Control by records and through accounts is, after all, only a substitute. Physical control is positive in action and of instant effect.

Some few years ago astonishment was expressed at the action of Mr. Henry Ford in dispensing with voluminous records of costs, &c., in his shops. After having been in the Ford works at Detroit, the surprise to me was that they had been kept going so long. You don't need costs after the event to tell what is already obvious. Let me illustrate this point by a personal experience. An engineer, a friend of mine, in a misintentioned zeal for efficiency insisted on having supplied to him the individual repair costs of eight or nine machines forming a battery engaged on similar work. Obviously the average repair costs would have been a much better guide to the efficiency of the machines. The reason was that the different machines cost yearly different amounts for repairs—it would have been strange if they did not—but there happened to be two black sheep in the battery and he desired to find out which were the culprits. His own workmen could have told him without thinking which were the machines, and in his own office the frequency of the repairs order for these particular machines put an instrument at his elbow which he did not think fit to use.

Too many people look upon accounting and costing as an instrument sent from heaven to right all wrongs. It will do no such thing. In the absence of more direct methods, it will supply useful and valuable information, but I should, as

a factory manager, pin my faith and put my money all the time upon the physical control so far as it could be employed, rather than the accounting or costing record.

That is the one great difficulty in dealing with internal accounting. In most cases it is applied as a remedy at the wrong end. It is impossible to plan an economical system of records if there is no order in the production itself. In jobbing businesses there may possibly be no other way out of it, but in other cases the results, taken as a whole, are not usually too rosy.

Another aspect of internal accounting, particularly in its application to industrial undertakings, relates to the charging out of common services to consuming departments. We have been for so long impressed with the idea of allocation that the real substance and work of accounting in these matters seems in many quarters quite to have escaped attention. One hears discussions as to the correctness of this or that formula for charging out the expenditure on such services as steam, electricity, water, transport, &c., as though the whole business were simply a matter of calculation.

Surely this is all wrong. Accounting ought to be based on measurement and not on calculation. It is true that the measuring instruments are not always available, and then methods of computation have to be adopted as the next best thing, but it is also true that where the means are available they are often ignored in favour of simple and often arbitrary methods which show results devoid of significance. The whole problem is that of finding a suitable unit. With certain services that unit may be the natural unit, *e.g.*, in electricity, the B.T.U. or 1 K.W.M.; for water, the 1,000 gallons; for gas, the 1,000 feet or 1,000 therms, though the latter will not very often trouble the accounting officer. Other units may be of an artificial character, *e.g.*, ton miles in the case of transport, or they may be the natural units, simply tons moved, or trucks moved. Where operations are constant and continuous, there should be no difficulty in obtaining the one unit or the other and thereupon, by means of suitable meter readings, log books or equivalent records, should be obtained a basis for charging—not allocating—the department or service receiving the benefit.

The practical side of the allocation method as usually followed is to wait until the balancing period and then to ascertain the total cost and divide it out. The method I am advocating differs fundamentally. It establishes at the beginning a unit rate for the measured consumption which may or may not be the actual and final cost per unit, but it is what the final or actual rate *ought* to be. This is the point where the calculation ought to come in, but it must be a calculation of the technical officers and not the accountant. These rates should be agreed and accepted by the general manager downwards and be subject to revision only at long intervals depending upon permanent change in the plant or in the circumstances of its operation. It will be obvious that by this method the chances are about a million to one against the total charged out ever agreeing with the cost of the service. There will be balances plus or minus, surplus or deficit, but be careful not to fall into the error of using the terms profit or loss.

Accounts in this form are, in my opinion, a very powerful instrument in the hands of any management which takes the preliminary interest in building up the unit rates and in the method of displaying the results and appreciating their significance, for they show quickly the points in the plant which are not up to standard—the standard being the pre-determined units both of output and of cost. Casual fluctuations due to periodic or seasonal influence will be taken in their stride, but consistent variation, as well on the high

side as the low, will call for searching investigation. While it is undesirable that continual deficits should be shown, it is equally undesirable that considerable surpluses should appear. The former may be due to the setting of a hard task, while the latter may arise from the reverse kind of task, and therefore really mean a better pull or effort notwithstanding results showing the contrary.

All this leads to the importance of adequate and accurate methods on determining the preliminaries. It is better, in my opinion, to set the task a little on the high side, so as to call for an effort, although resulting in a deficit, than to carry on in a self satisfied sort of way with a standard which is easy of accomplishment. It will be gathered from these remarks that all the talk about balancing the cost accounts with the financial books leaves me stone cold. It is child's play to maintain a balance by reconciliation, but I am quite satisfied that those accountants who attempt to apportion or to allocate exactly every item of primary expenditure to the departmental or cost accounts are not giving a useful service to their organisation and are not fulfilling their destiny professionally by teaching the fundamentals of true accounting.

Apart from the question of technical records, there is unfortunately considerable diversity of opinion as to where accounting begins and ends. That, again, is largely caused by the fact that few people seem to look at the matter analytically. Even accountants themselves are not altogether clear what ought to be. It is therefore necessary again to stress the point that accounting is a passive function, and if that be borne in mind there should be few occasions for difference which are really fundamental. For example, the determining of the methods of doing work is obviously an active function, yet we very often find costing and estimating departments linked together and under one control. This is quite wrong. An estimate is, of course, a technical opinion of the way in which a job should be carried out and includes a calculation as to its probable cost. A cost account is, or should be, largely a matter of fact. It is clearly wrong, therefore, to have costs and estimates prepared under the same control.

It must also follow from what has been said that it is no part of the accounting officer's duties to act also as treasurer or cashier, nor to negotiate the settlement of claims or accounts. The really automatic duties in the collection of accounts would properly be under his wing, but in cases of dispute other than on questions of arithmetical accuracy it must be for the sales manager to settle and, as far as is in his power, to authorise or to obtain authorisation for such adjustments. Likewise, in the case of purchases, the purely automatic claims arising out of shortages, miscalculations, returned empties, &c., will be within the scope of the accounting officer's duties, but if the question relates to quality or specification, then it must be for the buying officer to negotiate the claim or obtain the allowance, and so it would go on in his relations with the other officers. Apply the test of active duties fearlessly and indiscriminately as the guide to what are properly to be regarded as accounting duties and the danger of treading on the prerogatives of other officers will be very much minimised.

Now a word or two with regard to the machinery of accounting, by which I do not necessarily intend to mean accounting by machinery, but all the instruments in the shape of books, forms, records, &c. Firstly, as regards the use of forms. It will have been gathered from what I have said earlier on that I am of opinion that in most modern businesses there is too much paper. Records may be of two types—official (which includes accounting and domestic records) and

unofficial. In very many cases behind the official record is the unofficial record of some clerk who, for some reason or other (usually self-protection), decides that the official record is not sufficient, and that a further note book or memorandum must be kept as well. The unofficial records are a great bugbear because they are not easy to detect, but they do account for considerable waste of effort. The official records can also get into a bad way because of changing conditions and changing staff. In every organisation I am sure it would pay handsomely at least once in each five years to examine anew and critically every existing form of record. Start off with the assumption that every single bit of paper is unnecessary, and then get someone to justify the existence of each form taken in turn. If you cannot by these means on every such occasion effect a cut of at least 20 per cent. in volume, I shall be very much surprised.

Some of my audience may get the idea that these views are exaggerated. I have here an extract from my notebook made several years ago. The requirement was a simple record to report the arrival of goods. Some factories have it in the form of a goods received book; others in the form of separate report. This is what was happening in the plant to which I refer:—

"Firstly, on receipt of goods at the unloading stage, the warehouseman makes a note in a small pocket book. Later these notes are transcribed in greater detail in an ordinary exercise book, which is then sent forward to the storekeeper (simultaneously with the goods) and returned initialed as an acknowledgment. At this stage the information is copied out in a long foolscap manuscript book, and at about the same time the official goods received report is made up. The goods received report is then sent forward to the departmental office, where the information is copied in a rough note book, and later on, at leisure, a fair copy is made in a goods received book, which is an imposing half-bound book of some considerable size."

Altogether the information is written or copied no less than seven times, at least six of which are quite unofficial and represent nothing but wasted effort.

You will smile at that recital and believe that it is abnormal. It is certainly the worst case I have met, but even if it were only half as bad the margin for economy is still enormous.

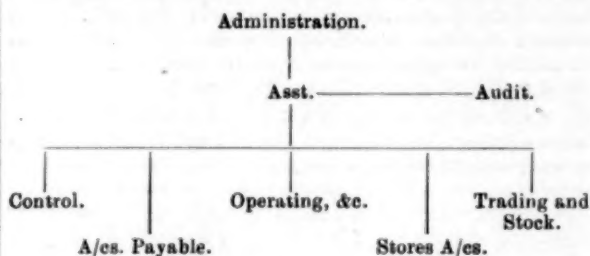
A common failing I have noticed on many occasions is the desire to keep as few figures in the ledger as possible, with the result that in order to obtain totals of sufficient size for posting, say, weekly or monthly, a considerable amount of intermediate summarising is done on scraps or pieces of paper unofficially, and the connecting link is lost. The time spent in these manoeuvres usually outweighs its supposed economy.

Of course, in these days no one would think of sticking religiously to the form and style of the books which we were taught to enumerate when preparing for our examinations. Purchase and sale journals have substantially disappeared, and the way in which our personal ledgers are kept would have made our grandfathers weep. The application of that formidable instrument known as the "control account" has probably, more than anything else, revolutionised the whole face of modern accounting technique. And why should it not be so?

Apart from what may be called the statutory accounting books, there are, of course, many subsidiary forms of record. Many people think it is the easiest thing in the world to draw up a form for use by others, but if a little critical analysis is undertaken by examining some of the forms as they are returned completed, the self satisfaction will not be so evident.

There is considerable skill required in drawing up a form. The size must be right. The blanks to be filled in of generous dimensions. It must not be too complex nor require too much information. Its title should indicate its purpose sufficiently to obviate the repetition of considerable narration in letter form.

Now to pass to the organisation of an accounting department. It is, of course, impossible to give any final scheme which will apply without modification to any undertaking, but taking as a concrete example a moderately sized undertaking engaged on the production of some staple article and on its distribution, the lay-out given below should be satisfactory and provide an efficient machine:—



The audit section will, of course, have definite audit programmes largely concerned with payments governed by standing orders and the giving up of charges, but also a roving inquiry to report on work schedules and progress. Any such programme and scheme of audit will, as a matter of course, be agreed with the official auditor so as to conserve effort.

The control section will have the preparation of the official and statutory accounts and hold the total accounts controlling each of the other sections, who will clear such totals monthly or at other convenient intervals. Special jobs, such as income tax and the keeping of all special accounts, will also fall to be dealt with by this section.

Accounts payable will handle all vouchers for payment, whether for purchases, expenses or other charges. They will work in close collaboration with the purchasing officer, and the remarks which have already been made in regard to the negotiation of claims, &c., will have to be borne in mind closely.

The production and service section will have charge of all operating accounts, probably also including the maintenance, and will link up with the works manager so as to keep him posted as to the progress of his shops, &c.

Stores accounts will be the section for charging one the use of all stores and materials used and consumed. They will keep the commodity accounts and prices, and also arrange for the periodical inventories and stocktaking. They will be allied with and work in close conjunction with the stores manager, or whatever other title may designate the officer carrying out such duties.

The stock accounts will usually form part of the sales account section, covering the warehousing, and will link up with the sales manager.

The foregoing is, of course, only an outline of the primitive idea and following what would normally be the basis of the organisation. Conditions in each undertaking will involve simplification or elaboration.

Finally, now as to the personal aspect. What are the qualifications for a successful administrator? Firstly, I would put the possession of personality. Naturally, he must be

expected to know something of the technique of accounting, but, after all, any article clerk just out of his Final should be able to deal with all the executive problems he is likely to meet in any business, however intricate. On matters of policy he will be wise to go slowly, and to seek collaboration with his general manager or the board.

The possession of some elementary technical knowledge is almost indispensable in an industrial undertaking, and he will be all the better equipped if only his hobby interests lie in some such direction. He does not require to be an expert, and he must certainly not attempt to pose as one. His position ought to be rather that of intelligent client. To know sufficient to prevent leg pulling will gain considerable respect and show that you are not altogether in the dark. From whatever the cause, there is without question a certain amount of natural antagonism between the technical man and the accountant, and all effort must be directed to its elimination, being firm when occasion demands, but remembering that it is your business to get on with the job, and that compromise and adjustment will be necessary if you are to get anything done at all. You should be able to do what you want by your own efforts, and not constantly be going to the chief for assistance with the big stick. You may that way get on paper all you want, but you may be quite sure that you will not get it in the long run.

It is, of course, impossible to give any hints on the way to manage one's own staff. Each will have his own methods and it is surprising how in different individuals quite different methods are successful. The only point that does matter is that you have got to get the staff with you if you don't want to be let down.

I have attempted to direct your attention to some of the problems which any accountant taking up service in an industrial undertaking is likely to meet sooner or later. I have developed a theme for taking a wider view of the duties of the accounting officer, because I feel strongly that unless there is co-ordination in the keeping of records, there is bound to be duplication and wasted effort. I have also stressed the passivity of the accounting officer's functions, and the importance of developing the personal aspect of accounts. Necessarily what I have had to say has been sketchy, but I felt it was better to try to cover the ground as widely as possible rather than to dwell at undue length upon any particular aspect of the work. Some of my opinions are strongly held and expressed, and possibly there are those here to-night who will vote for having me burnt at the stake for holding such ideas. At any rate I have, I think, left with you something to think about, and I shall be disappointed if I have failed to provoke a healthy discussion.

Discussion.

Mr. S. E. STRAKER: There is one thing in regard to which I disagree with Mr. Haworth, and that is over the question of the stock certificate. He seems to have rather disagreed with the auditor who required a certificate from the manager, or from the accountant, as to the stock, but I will give him one instance among many of the type of thing one is likely to come across. Some five or six years ago the value of tinsplate dropped from over £7 to under £2 a box in the year. Had the value of that tin been taken at the end of the year as it appeared in the bought journal and invoices, and in the elaborate stores account, the undertaking would have shown a considerable profit, but actually there was a considerable loss. Another point on which I disagree with him is this: He says that the accounting officer should not exercise any physical control, but should leave that to others. I remember some little time ago checking costs, where the company absolutely relied on data compiled by another person who was hopelessly out. It was only by going to

the manager, who was quite unaware of the reason for the discrepancy, and discussing the matter with him that a true story was placed before the board. I have not quite gathered, and I wish Mr. Haworth would explain to us, what he regards as the status of the accounting officer. I may be wrong in the impression he has given me. He says it should be a "passive function," and "he will be well advised to make quite sure that he does not take upon himself duties which are of an active character." Surely that is purely a question of his personality and of his relations with the staff. I submit that if he is to know the true facts he must go to the management staff and discuss business with them in more or less their own surroundings.

Mr. ADDISON: I also feel that the expression of thought by the Lecturer regarding stock would, perhaps, have been modified had he had much experience in auditing accounts. I have in mind a company which has a large stock, some of which it has held for many years, and so difficult is it to arrive at any value that the directors themselves cannot say what the value is, and the Inspector of Taxes demands an outside valuer to give a certificate as to the value of that stock. It is rather hard on the auditor to say that he ought not to demand, in any case, a certificate as to the value of book debts. One can well conceive that some of the debtors might be in a state of bankruptcy and the auditor would know nothing at all about it unless the ledger keeper had made notes in the ledger. So that one can see that an auditor, in order to safeguard his position, particularly where the debtors run into thousands in number, would be justified in asking for a certificate as to the value of them.

Mr. W. J. BACK, Incorporated Accountant: May I congratulate the Lecturer on having selected a subject which has taken us out of the usual run of things and has aroused considerable interest? I think everybody in the room is waiting to jump to his feet in order to protest against or enforce what he has said. Everybody who has anything to do with companies nowadays will feel that the accountant has been coming into his own a great deal in recent years, and that the accounting records which used to be rather looked down upon are coming more and more to be the central things in a business. When rationalisation comes into its own and Sir Alfred Mond gets his own way, it will be perfectly impossible to maintain physical control over the things the management has to do with, and managers will have to fall back upon those pieces of paper for which the Lecturer seemed to express some contempt. There is a great deal to be said for adequate records, even if a little excessive—excess is better than deficiency. Then, also, we were surprised to hear the Lecturer talking about the passive functions of an accountant. We have not usually observed that the chief accountants of large undertakings are particularly passive folk, and it is quite surprising to hear one of their principal representatives talking of them in such depreciatory terms. We can only put it down to his modesty, and perhaps the activity of the accountant may be equally worth emphasising in these days. As to the book debts, I agree with the Lecturer that the auditor ought to rely upon his own examination and not to ask for a certificate unless in exceptional circumstances. On the other hand, I entirely disagree with Mr. Haworth with regard to stocks. We have two questions there—one, the matter of quantities, as to which an auditor can form an opinion, and another, as to values, on which he cannot form an opinion. Nobody who has anything to do with such things as stocks of produce, the prices of which are fluctuating throughout each day, will say that the auditor is the best man to arrive at the value of these stocks. Although he may give considerable attention to the quantities of the stock, it does seem to me that he is entitled to a certificate from a technical man as to their value. I also agree with Mr. Haworth with regard to cost accounts. It does seem to me to be time that the text books got rid of the idea that cost accounts ought to be treated as something entirely separate from financial records and even independent of them. On the contrary, in my view, costings should always be under the control of the accountant. Then the Lecturer said it is the duty of the accounting officer to record facts and not explanations, but surely you cannot record facts without recording explanations. The moment you set down the fact you set down along with it an explanation of the fact. It seems to me that the internal accountant in a concern

should have a theory with regard to all his facts, and should be prepared to justify that theory. Having said that, I would like to say once more how much we appreciate the time and thought that the Lecturer must have devoted, in the midst of a very busy life, to preparing this lecture, and we particularly appreciate his having selected such a subject and expressed such views that probably everybody here will be prepared either to burn him at the stake as a heretic or to canonise him.

Mr. PERCY C. STOKES, A.C.A.: May I add my mead of praise and thanks to Mr. Haworth for entertaining and interesting us so divertingly this evening? My association with him dates back over many years, and it has given me many opportunities of appreciating his merits and abilities. The freshness of his ideas and thoughts, and his thoroughness, too, are typical of everything to which he puts his hand. I must say I was rather intrigued by the title, and curious how he would handle the subject, and I think I am right in saying that when he emphasised or stressed the duties of an accountant in a big organisation in relation to the other officers, he wished to advise or warn accountants not to attempt to run the show. My own feeling is that unless an accountant goes into commercial life young, his training handicaps him very much in attempting to do anything like that. He is a good administrator, but I doubt whether he is a good initiator in building up or developing businesses. He is compelled by his training to be cautious, and to think many times before he takes risks. He will not enter lightly into commitments, but will want to make sure beforehand that he can completely meet them all. He will not engage in liabilities without carefully taking stock of his assets, so as to make quite sure that they will suffice. To illustrate how caution of this kind can be a handicap in commercial life, I remember quite well in my younger days the feeling akin to horror with which I received the news that a managing director, whom I knew to be relatively a poor man, had gladly agreed to join in a personal guarantee to the bank for a very considerable sum. But years later, when he had accumulated a goodly fortune, I well recall his saying: "Now that I have got a bit of money at the bank, I am not so ready to take the risk." That is, however, by the way. I repeat again my thanks for the opportunity of listening to Mr. Haworth's instructive paper.

Mr. T. ROGERS: In the elaborate scheme such as the Lecturer has given us to-night, I was wondering how, if he were going into a new position, he would set about it. He would find things carried on, it may be, in a very different way from his scheme. Would he suggest a gradual introduction of his innovations? If he brought the whole of his scheme into operation at once he might very quickly come into conflict with those who had been carrying on to their own satisfaction for a number of years.

Mr. J. AUERBACH: I would like to ask the Lecturer whether he knows anything about the Inland Revenue's attitude in accepting the usual stock certificate for income tax purposes signed by the auditor?

The CHAIRMAN: The Lecturer appears to have provoked a certain amount of criticism in regard to one or two matters, as well as evoked a certain amount of praise—I may say a good deal of praise—which I think he thoroughly deserves, by the nature of the material he has given us to-night, which has been of such a character that every one of us could digest it. It has not been too technical. I should like to make one or two observations myself with regard to what Mr. Haworth has said. First of all, on the question of stock, I must say I disagree somewhat with the views expressed by the Lecturer, and my views are rather strengthened by the fact that I have, on a good many occasions in the earlier years of my career, been called upon actually to take stock, and I found that the position was not always one relating even to quantities or values, but to the character of the material itself. There were many occasions on which goods remained in stock for a number of years. When I am speaking of "stock" now I am referring to "stores." They might have been bought for a special purpose and not used. Unless that point is very carefully watched, such goods may be carried forward from year to year at the same figure at which they were purchased, or possibly at the market price, if the market price happens to be less than the cost price. But the physical character of those goods might not justify even the market

price. We know, for instance, how rubber deteriorates over a number of years. No one would suggest that motor tyres which had been kept in stock for a period of five years would be worth cost price or market price, and yet that would be the ordinary basis of valuation as applied to stock. The auditor, in my view, cannot know the state of the material, and the burden of that should not be thrown upon him. He is quite capable, as has been said, of verifying the arithmetical accuracy of the stock as ascertained from the stock records, invoices, costs and extensions of the stock sheets, &c., but I think he would be perfectly justified in calling for a certificate as to the value of the stock, and the responsibility should not be thrown upon him entirely in a matter of that kind. With regard to book debts, I am inclined to sympathise to a considerable extent with what the Lecturer has said. I think that where a certificate is asked for—and I notice it is frequently asked for—it is merely as a matter of precaution rather than absolute necessity. As to the question of control, in the case of a limited company, where all the departments are under the direction of one board, there ought not to be such a great difficulty in securing that measure of control which the finance department always ought to have. But my views on that have been largely formed as the result of experience in municipal life, where you get certain departments who regard themselves as being entirely divorced from the finance department, and at times it is very difficult to secure any kind of co-ordination by reason of the jealousy which sometimes exists between the heads of departments themselves, supported on some occasions by the committees under whom they work, and who are content to encourage that separate basis of working. As I have said, in the case of limited companies you do not get quite that aspect, but it is extremely difficult, in the case of municipal or Government departments, to secure that control and at the same time independence. With regard to the question of records, the Lecturer has given us a good deal of information about that, which I think is perfectly true. There are a large number of records kept in business which are of no use. It may be interesting if I quote an instance which came before my own notice, many years ago, in a department which happened to be a municipal department, where I suppose some people would think the point did not matter. The accounts clerk there conceived that his duty was to copy the invoices all out *in extenso* in a book, which nominally took the form of a ledger—he called it a ledger—under the various headings of the tradesmen and other people who supplied the goods and sent out the invoices. He thought that copying out those accounts was equivalent to keeping a proper record and also saved checking the accounts. I can assure you some accounts were never checked in any other direction whatever. The book was a great tome, and for all the use it was it might have been put on the nearest fire or in the waste-paper basket. I will now ask Mr. Haworth to reply to the criticisms which have been offered and the remarks made.

Mr. HAWORTH: Most of the discussion has centred around two points—the certification of stock and book debts—and also the passivity of the accounting officer's function. In regard to the certification of stocks, I do not know that I ever suggested that accountants should value the stock. The stock would, in the ordinary way, be valued by the officers of the company, but I do submit that in the cases I am contemplating—that is, where there is a proper stock accounting organisation—the auditor has an opportunity of satisfying himself whether the stock is properly taken and is reasonably correct, and he can certify it as one of the assets in the balance-sheet without reservation. One speaker put to me the fluctuations in the value of tinplate. Well, the auditor is in just as good (or as bad) a position as anyone else. He cannot control the market, and no one expects him to do so, and in the case of a manufactured article there should be little or no difficulty. Somebody puts a valuation upon it. Frankly, after spending many years inside businesses, I would be prepared to take the responsibility, after going through the stock account and the inventory, or whatever it is called, and, having had an opportunity of seeing the organisation and satisfying myself that the accounting arrangements were on a decent footing, I would be prepared to shoulder my responsibility as an auditor for the value of the stock and certify it. If I may say so, the accountancy profession, while it keeps all these reservations up its sleeve, is not doing any

good to itself. If you are only going to present a balance-sheet comprising a lot of figures supplied by somebody else, why have an auditor? I say the same with regard to book debts. If an auditor cannot find out whether the book debts are good, bad or indifferent, well I do not think he is up to his job. Somebody puts to me a case where a man is in bankruptcy. I should want to know something about that account, if nothing had happened for the last six months, and I suggest to you that you have that opportunity. I do not think it is right for you to come and ask me to give you a certificate to relieve you of a responsibility which is yours, and for which you are being paid. One gentleman raised the question of the stock certificate being signed—would the Inland Revenue accept it signed by the auditor? I take it that the auditor, as such, would not sign the stock certificate at all. He simply signs the accounts.

Mr. AUERBACH: What I really meant was that when the auditor sends in the accounts to the Inspector, it is quite usual for the Inspector to send back an Inland Revenue form of stock certificate to be signed by the secretary or the precedent acting partner as to the value of the stock. Would the Inland Revenue accept such a certificate signed by the auditor?

Mr. HAWORTH: I cannot tell you what they would accept. They would probably accept certain things from me as accountant that they might not take from you as auditor. It depends on the circumstances. If the auditor was in good relations with the Inland Revenue, I think probably the Inspector would accept the certificate of the auditor, but I cannot say that that is a matter of practice with the Inland Revenue Authorities. They have a certain amount of discretion. There was a suggestion that I have been belittling the job of the accounting officer. I think that arises because some of you have not really appreciated what I have been driving at. My friend Mr. Stokes put the point in a nutshell. There is, without any possible question, a difficulty facing any accounting officer going into any business, particularly if he is going to undertake anything in regard to, shall we say, the factory side. The point I am trying to stress is that, in being passive as distinct from being active, he must beware of attempting to run the business. Determining the methods of doing work is an active function; the making up of charges is again an active function. The accounting officer *qua* accounting officer—because very often he carries out other jobs, such as financial adviser—but purely as accounting officer his job is passive. The other officers, such as the factory manager and the sales manager, are the people who are spending the money, arranging that the work shall be out at a certain time. I am giving a serious warning, that if the accounting officer goes into the factory and starts off with the idea that he is going to be an active man instead of a passive man, he will soon find out his mistake. He must beware of going outside his own sphere and pretending that he is going to run the show. Another gentleman asked whether it was advisable to bring the scheme into operation slowly. Well, it depends, of course, on whether he has got a scheme. I think most people going into a business, most accountants, would size up the job and say "We would like it to be done in a certain way." But there is no such thing, in my view, as a hard and fast scheme. He will probably survey the plant and the accounting arrangements, and then decide that certain things should be done. How he applies it, how he gets to work, is a matter largely of his own personality. To some extent it may depend on the size of the business. He may have to start slowly, taking, perhaps, to begin with, the stores account, and then taking some other branch. Nobody can give precise directions, but obviously any accountant going into a business as a beginner would be very well advised to go slowly in everything. After all, you can very easily upset the technical man—(laughter)—and before long you find you are up against a terrible amount of opposition. While you are developing your schemes probably other people have been developing counter schemes, and when the time comes for you to do something you will find that you have been forestalled. Therefore, without any doubt whatever, I would say it is obviously the best thing to go slow.

On the motion of Mr. ADDISON, seconded by Mr. PLUMPTON, Mr. Haworth was warmly thanked for his lecture, and the usual vote of thanks was accorded to the Chairman.

Bradford and District Society of Incorporated Accountants.

Annual Dinner.

The annual dinner of the Bradford and District Society of Incorporated Accountants took place on January 23rd, at the Central Liberal Club, Bradford. Mr. JOSEPH RHODES, F.S.A.A., President of the District Society, presided over a representative gathering. The principal guests were the Lord Mayor of Bradford (Alderman H. Thornton Pullan), and Mr. Douglas Hamilton, President of the Bradford Chamber of Commerce. Among those present were Mr. Wm. Claridge, Past President of the Parent Society and Foundation President of the Bradford District Society; Mr. A. Chadwick, F.S.A.A., President of the Manchester District Society of Incorporated Accountants; Mr. F. C. Crosland, A.S.A.A., President of the Yorkshire District Society (Leeds); Mr. T. W. Dresser, Hon. Secretary of the Yorkshire District Society; Mr. J. W. Richardson, Hon. Secretary of the Sheffield District Society; Mr. C. W. Boyce, Vice-President Leeds and Bradford Chartered Accountants' Society; Mr. J. H. Lockwood, President, Bradford Law Society; Mr. G. W. Fuller, President Insurance Institute of Bradford; Mr. J. W. Reynolds, F.S.A.A., Past President Bradford District Society; Mr. Joseph Smith, F.S.A.A., Past-President Bradford District Society; Mr. H. Hiley and Mr. J. A. Johnson, of the Bradford Law Students' Society; and Mr. Herbert Reynolds, Hon. Secretary of the Bradford and District Society of Incorporated Accountants.

In proposing the Loyal Toast, the Chairman voiced the thankfulness of the gathering that His Majesty the King was so far recovered from his serious illness that arrangements were now being made for his transference to the sea coast for convalescence.

Mr. A. CHADWICK, F.S.A.A., proposing "The City and Trade of Bradford," referred to Bradford's high reputation in regard to its educational institutions, and particularly to its highly efficient Technical College. Mr. Chadwick felt that the technical schools of the country were going to play a far greater part than ever before in the preparation of young people for industry and the professions. He believed that in many respects the technical colleges would meet the needs of business probably with greater facility than the average University could be expected to do. There was a close affinity and relationship between the great industrial areas of East Lancashire—his own district—and West Yorkshire. They were alike in the character of the country, the nature of the people, the difficulties, and at present, he regretted, the slump in the chief productive industries. The accountancy profession depended on the leading industries of an area, and rendered a very real and important service thereto. He was afraid it must be recognised that the woollen and cotton textile industries of Yorkshire and Lancashire were never likely to renew the production of quite the same vast quantities of goods as had been the case formerly. World conditions tended to be against such a full recovery and artificial silk was making great inroads into the consumption of both woollen and cotton fabrics. The changes in industry were factors which accountants must ever have in mind. There were distinct indications of improving foreign markets and he felt convinced a period of better trade was ahead, but recovery was severely handicapped by the old bogey of over-capitalisation of industries, buildings and plant, and that would have to be got rid of. Writing down values in a balance-sheet was, after

all, only a matter of accounting. He doubted whether any new factory in Lancashire or Yorkshire could be made to pay to-day because of depreciation charges and because there were so many old factories to be bought for "an old song." One of the most remarkable factors of the past year, under all the circumstances, had been the large number of new share issues which, strange to say, had been readily taken up within a few hours of the opening hour of issue. There would, he felt, have to be a great re-organisation of finances if this country was to recover anything like its former industrial prosperity, as well as a re-organisation of something which matters perhaps just as much as capital—energy and hard work. (Hear, hear.) Mr. Chadwick congratulated the Bradford textile trade on the successful achievement of a large measure of harmony between employers and employed, to an extent which, if maintained, should go far to help in revival of the trade of the district. (Applause.)

The LORD MAYOR OF BRADFORD (Alderman H. Thornton Pulland), in responding, said that, like Mr. Chadwick, he was delighted to know that there was a steadily growing spirit of co-operation between employers and workers not only in the Bradford textile trade, but in industry generally. It was the only sane way to bring about a better state of affairs in the country. (Hear, hear.) A good deal had been done in the past which created suspicion and mistrust, and it was gratifying that sanity was now beginning to prevail. Speaking of education, the Lord Mayor said Bradford had a much longer history in educational endeavour than the history of the technical college. It had been a Bradford man—the Right. Hon. W. E. Forster—who had been responsible for the greatest of Education Acts, which brought education within reach of the masses, and of which Bradford had taken full and early advantage. The accountancy profession of Bradford had in its ranks a notable and highly esteemed educationist in Mr. William Claridge, a Past President and at present a member of the Council of the Society of Incorporated Accountants and the greatest stalwart of the District Society in Bradford. (Hear, hear.) In the vast undertaking embraced under the municipal service, Bradford Corporation employed men of practically every profession, not the least of which in importance was the accountancy staff headed by the City Treasurer—one of their members, Mr. F. Ogden Whiteley, O.B.E.—a most important supervisory department in safeguarding the public purse; a department with a huge responsibility. It was a testimony to the rapidly growing public confidence in the accountancy profession that there was more and more insistence, in all walks of public and business life, upon proper accountancy supervision by men of repute in the profession. Bradford would not have attained its present high position in industrial life if it had not had the benefit of its accountants of the highest repute making their contribution to its standing. Whatever Bradford's trade difficulties may be—and they were many and serious at present—the city would never recover from them unless she maintained her finances in a condition which could be certified by men of standing in one of the most vitally important professions in the country. (Applause.)

Mr. DOUGLAS HAMILTON, President of the Bradford Chamber of Commerce, also responded to the toast, especially on behalf of the city's trade. Reviewing something of the history of the development of textile manufacturing and merchanting in Bradford, he expressed himself in agreement with Mr. Chadwick in the feeling that the wool textile industry was not likely to get back to a position of those big bulk orders which were characteristic of former days. Instead of a steady campaign, trade conditions to-day were more in the nature of

guerilla warfare, every order having to be scratched for instead of coming automatically. The eclipse of some old and great merchant houses of the trade was to be regretted, but to a large extent the old merchants were to blame because of their out-of-date methods. He would say, however, they had been enterprising and keen in seeking business in every corner of the civilised world and vigorous in the difficult task of making the old and obstinate Yorkshire manufacturer realise that he must supply what the world wanted rather than what he thought it ought to want. (Laughter.) Mr. Hamilton said he felt that the trade difficulties of this country to-day were largely due to the fact that the long western drift of population from the east had been arrested by drastic immigration regulations. He did not entirely agree with the rigorous exclusion of foreigners. Prosperity depended to a large extent on having a fairly good inflow of new blood and fresh ideas, and he felt that a fairly good sprinkling of Jews in the population was a good thing from the business point of view. (Applause.)

Mr. J. H. LOCKWOOD, President of the Bradford Law Society, proposing the toast of "The Society of Incorporated Accountants and Auditors," referred particularly to the close intimacy between the professions of law and accountancy—probably a closer intimacy than existed between any other two professions. He had himself had the privilege of a close friendship with many members of the accountancy profession, including some of those who were held in high regard in the Society of Incorporated Accountants. He had a personal acquaintanceship with one of their Past-Presidents, Sir James Martin, and the present President, Mr. Thomas Keens, and he had known their own Bradford Past-President and Council Member, Mr. Claridge, an acquaintance going back 25 years to the time when he was a small scholar in a school in a neighbouring town, and Mr. Claridge was an examiner who had a warm place in the hearts of the pupils. Probably that particular school's considerable reputation for mathematics was due in a large measure to the particular profession to which Mr. Claridge belonged. As a boy at that school he had little thought that he would renew the acquaintanceship with Mr. Claridge in a professional and business capacity. The Society of Incorporated Accountants had become the backbone of one of the most important professions in the country. The legal profession was very old and had important functions, but in regard to trade and industry he was inclined to think the functions of accountancy were perhaps even more important to the welfare of the business community. The functions and duties to civilised states, in all of which Incorporated Accountants were now found, had increased to an extent which one might almost be forgiven for regarding as somewhat alarming. (Laughter.) The work of consolidating progress, business effort and mutual enterprise was not complete without the functions that the accountant had to perform. In recognising the importance of those functions, it must never be overlooked—and it was the same with the legal profession—that these functions were, in the nature of things, of a supplementary character. Business did not depend entirely on the efforts of the members of any learned profession or society, but their efforts were vitally necessary to the proper running of any business endeavour. (Hear, hear.) "Recently," continued Mr. Lockwood, "it had become a requirement of the law—not, perhaps, a specific requirement so much as an implied requirement—that every person engaged in trade in this country should have proper accounts prepared, and that those accounts should be supervised and certified and their accuracy vouched by members of the accountancy profession. The culmination of this was in the last Bankruptcy Act." He was sure members of the Chambers of Commerce

of the country were among the first to welcome that development, not only as a protection to the individual but as a protection to the trading community as a whole. (Hear, hear.) In municipal and in various other walks of life many additional duties had been placed upon accountants. Their duties had been considerably increased by the system of taxation which obtained to-day, and by the reliance which the Government, and particularly the Inland Revenue Department, placed on accurate accounts, and the honesty and prudence of the accountant. It was, therefore, incumbent on the profession to assure both the authorities and the public as to the skill and integrity of those persons who practise accountancy. Mr. Lockwood said he was quite certain that the existence and work of such bodies as the Society of Incorporated Accountants and its District Societies fully justified the large measure of responsibility placed upon their members. It was true that their Society was not the only corporate body constituting the profession, but to no other body did the Society of Incorporated Accountants and Auditors take second place and no other society stood in higher public regard. "Involved in this principle," proceeded Mr. Lockwood, "was the question as to when the accountancy profession as a whole was going to have that complete disciplinary control over its members such as existed in the legal and medical professions." To his mind, it was rather deplorable that up to the present there was not one organisation of practising accountants which should in itself and of itself have this complete power to exercise discipline, to control the entrance to and the conduct of the members of the profession, such as was held by the governing bodies of some other vital professions. (Hear, hear.) He hoped the day was not too far distant when the members of the accountancy profession would be able to co-operate in one whole and powerful body so that not only could they look after their own professional interests in the way they adequately did now, but that they would be able of themselves to exercise that discipline against delinquency which had proved of such value in some other professions. There might, he agreed, be certain differences of opinion in the ranks of the profession as to the advisability of having this power and the advisability of what measures might be taken to secure it, or as to its urgency. It would be presumptuous for an outsider to venture any opinion as to that, but there was certainly a growing feeling in some other professions in that direction in which the necessity for such control was, in his view, considerably less urgent than in the case of accountancy. He had no idea what the general feeling among accountants was, but he did feel, as a member of a profession which enjoyed that important disciplinary control, that its extension to the accountancy profession would not be altogether unwelcome. (Applause.)

Mr. WM. CLARIDGE, J.P., M.A., F.S.A.A., in responding to the toast, reviewed briefly the progress made by the accountancy profession since the establishment of the Society in 1885. The chief function of the accountant at that time was in winding up businesses, collecting debts and dealing with insolvencies. To-day there were a good many accountants who had no insolvency business whatever in their offices; they were engaged in the much happier task of helping to build up business rather than in winding it up. When an accountant to-day was called in to advise a business undertaking that was in difficulty, his chief aim was to discover the cause of the difficulty, and to suggest ideas whereby the firm could be put on to its legs once more. The Society of Incorporated Accountants had in its ranks many notable men, notably such men as Sir James Martin. The Society had realised from the outset that one of its most important functions would be in the education of students, not only of

accountancy matters but also of the law so far as it affected commerce. It set to work early to form District Societies, and one of the most active was that at Bradford which, he believed, was founded in 1910, and of which he (Mr. Claridge) had the honour to be elected the first President, an office which he had been persuaded to retain for sixteen years. By means of classes and lectures, the Society had done a great deal on the educational side. There had been changes in the examinations in the course of years. He would not at that function permit himself to draw any comparison between the examinations of to-day and those of the early years, but the Society had concentrated its attention all on possibilities of improving them. The Society had wisely decided that, in order to establish the character and tone of the profession, nobody should be admitted into membership without passing the examination, and to-day they had more than 5,000 members with that qualification, including many men who were leaders of thought in many phases of life. They had in their ranks, for instance, Sir Josiah Stamp, than whom nobody stood higher in the financial world to-day. (Hear, hear.) They had members in all parts of the world, and in addition to the seventeen District Societies at home they had Branches in Canada, South Africa and Australia. The Council received most gratifying reports of progress in various parts of the world. Referring to the new Hall of the Society in London, to be opened in February by their Royal Highnesses the Duke and Duchess of York, Mr. Claridge said it was a wonderful place, and he would be delighted if every Incorporated Accountant and student in Yorkshire in due course could pay a visit to the Hall. There was, he believed, a scheme in contemplation for a visit of the Yorkshire members to the Hall later in the year. He hoped sincerely that the District Societies in Yorkshire would unite to make the visit a success.

Mr. JOSEPH SMITH, F.S.A.A., in a very brief but kindly speech, proposed a toast to "The Guests."

Mr. G. A. FULLER, President of the Insurance Institute of Bradford, responding, congratulated the Society of Incorporated Accountants and also the Bradford Society on their growth, vigour and usefulness, and he offered thanks and congratulations also, on behalf of the guests, to those who had been responsible for the excellent organisation of that evening's dinner gathering. (Applause.)

Mr. F. C. CROSLAND, A.S.A.A. (Leeds), President of the Yorkshire District Society, who also responded, added a toast to "The Chairman," with an expression of appreciation of the able manner in which he had presided over the gathering. Mr. Crosland said he remembered the time when it was difficult to get as many as six or seven people together to attend an accountancy lecture, whereas to-day they had three flourishing District Societies in the county at Leeds, Sheffield and Bradford.

Mr. GEORGE P. LAWSON, F.S.A.A., supported the toast to the Chairman and paid tribute to the efficient manner in which the function had been organised by the Hon. Secretary of the Bradford Society (Mr. Herbert Reynolds). (Applause.)

Mr. RHODES, in responding, regretted that they had not been able to have a visiting representative of the Parent Society in addition to their old and tried friend Mr. Claridge, and said the omission on this occasion was due to the fact that to-day the administration of the Society was being moved to the new Hall.

CHARGE AGAINST A "QUALIFIED AUDITOR AND ACCOUNTANT."

At the Mansion House Justice Room of the City of London, before Alderman Sir George W. Truscott, on Thursday, January 24th, Henry Mortimer Baggs, of Herne Hill, appeared to a summons charging him as secretary of a registered trade union—the Circulation and Publishing Association, of 342, Salisbury Square House, London, E.C., with fraudulently misapplying the sum of £672 10s. 1½d. entrusted to his care.

There was a plea of guilty.

Mr. Trustram Beresford, Counsel for the prosecution, said this was a case under the Trade Union Act of 1871, where a magistrate, on finding a defendant guilty, had power, in addition to imprisonment or fine, to order repayment of such sum as had been misapplied. It sometimes happened that the collection of union moneys was entrusted to quite ignorant men, who received only a small sum for their services. It was not so in this case. The defendant was a qualified auditor and accountant, and his salary was £6 10s. a week, and he had been secretary of this association since July, 1926, when it was instituted. He was in the habit of handling considerable sums up to £2,000. It was his duty to enter up and pay into their bank sums received by him day by day. So far as the "entering up" was concerned, that had been done perfectly, but, unfortunately, defendant had not paid it all in. The matter came to light in respect of a certain insurance premium which had to be paid by the association, and it was noticed that defendant wrote on the cheque drawn for the purpose, "Deposit A/c." He was instructed that this money was to come out of the current account. When, on a second occasion, a similar thing happened, defendant was called into the office and his accounts looked into. His books were strictly accurate and beautifully kept, but when asked to account for the sum that was missing he said he couldn't do so, adding, "I am very sorry. I will repay the money." The association, continued Mr. Beresford, was a union for commercial travellers. The defendant, an extremely well educated man, was married and had one child. It was, of course, a serious thing for the funds of any union to be misapplied by one of its officers.

Mr. J. C. Lockwood, Counsel for the defence, made an eloquent appeal to the Alderman not to send the defendant to prison. The facts of the case had been very fairly stated by his learned friend, Counsel for the prosecution; but this was one of those almost inexplicable tragedies which occurred from time to time. Baggs felt his position most keenly and wished to express sincere regret through him (Counsel). If the Alderman could see his way to take a certain course, not only would the money be unquestionably forthcoming, but it might also mean the saving of a human soul. He was instructed that it would be possible for the money to be found. Defendant was the possessor of a live patent, and the trouble appeared to be he had been too jealous of this patent. It was his (learned Counsel's) suggestion, that this man be given a chance to realise money on it—the other alternative meant ruin! Up to now his character had been irreproachable, and if such a chance was given, he (Mr. Lockwood) was confident that the money would be found, and what he had gone through would be such a lesson to defendant that he would never again offend in this way.

Sir George Truscott said he was very sorry to see Mr. Baggs in the position he was that day—having to admit robbing the union to which he belonged. It was a very serious offence. It was the duty of the Court to protect the money of the workers. He should make an order for the repayment of the money belonging to the association, and he (Sir George) must impose a fine of £20 and £1 costs. Defendant would be granted two months in which to pay, and in default of payment he would go to prison for three months.

Changes and Removals.

Messrs. Martin, Farlow & Co., Incorporated Accountants, announce that their partner, Mr. Charles H. Sellers, F.S.A.A., who has been engaged for many years on Continental work, is retiring from the firm, and is taking up an appointment with a commercial organisation on the Continent.

Messrs. Burrows & White, Incorporated Accountants, have removed to Prudential Buildings, King Street, Nottingham.

Mr. T. E. Clarke, Incorporated Accountant, has retired from the firm of Messrs. Henry Bradfield & Sons, Nottingham and Mansfield, and will in future practise on his own account at Castle Gate Chambers, 34, Castle Gate, Nottingham.

Mr. R. P. Dalal, Incorporated Accountant, has removed his office from 375, Hornby Road, Fort, to Navsari Chambers, Outram Road, Fort, Bombay.

Mr. W. E. Duncombe, Incorporated Accountant, has joined Mr. G. W. Baker, of 22A, High Street North, Dunstable, in partnership. The firm will continue to practise as G. W. Baker.

Messrs. Herbert Godkin & Co. have removed to Priory Chambers, St. Martins, Leicester.

Mr. T. Alan Gott, Incorporated Accountant, has commenced public practice at 15, Upper Talbot Street, Blackpool.

Mr. J. H. E. Greehy, Incorporated Accountant, has removed to Sentinel House, Southampton Row, London, W.C.

Messrs. T. Greenhalgh & Co., Incorporated Accountants, have removed to Clifton Chambers, 23A, Clifton Street, Blackpool.

Mr. A. S. John, Incorporated Accountant, has commenced public practice at Court Chambers, The Arcade, Pontypridd.

The partnership existing between Mr. C. L. Kettridge, Incorporated Accountant, and Mr. James Cresswell, F.C.A., Incorporated Accountant, has been dissolved as from December 31st, 1928. Mr. C. L. Kettridge will continue to practise at 1, London Wall Buildings, London, E.C., under the present style of C. L. Kettridge & Co., telegraphic address and telephone number remaining as hitherto. Mr. James Cresswell will also practise at 1, London Wall Buildings, London, E.C., under the style of Cresswell & Co., and this firm will also maintain offices at 9, Avenue Edouard VII, Shanghai, and 714, Standard Bank Building, Vancouver, B.C.

Mr. J. Lewis, Incorporated Accountant, practising at 64, Cheshire Street, Market Drayton, announces that he has taken into partnership Mr. G. H. Goodwin, Chartered Accountant, and Mr. S. Townsend. The firm will practise as Lewis, Goodwin & Townsend.

Messrs. Ling & Peach, Incorporated Accountants, announce that the partnership has been dissolved. Mr. A. C. Ling will continue to practise in his own name at Old Library House, 4, Dean Park Road, Bournemouth, and Mr. S. G. Peach will open offices at Bank Chambers, 41, Holdenhurst Road, Bournemouth.

Messrs. T. W. Stanfield & Co., Incorporated Accountants, announce that their address is now Lloyds Bank Building, 11/13, Victoria Street, Liverpool.

Mr. G. W. Street, Incorporated Accountant, has joined the firm of Messrs. J. Tomlinson & Co., Incorporated Accountants, practising at Princes Chambers, 16, John Dalton Street, Manchester, and Ashton-under-Lyne.

The practices of Mr. E. Miles Taylor, F.C.A., Incorporated Accountant, and Mr. C. G. Perry, A.C.A., Incorporated Accountant, have been amalgamated, and they will practise as Miles Taylor & Co., at 18, Coleman Street, London, E.C. Mr. V. H. M. Bayley, A.C.A., Incorporated Accountant, has also joined the firm. Mr. Miles Taylor will continue his separate partnership practice with Mr. William Pickles, A.C.A., Incorporated Accountant, under the style of Miles Taylor, Pickles & Co.

FACTORS THAT COUNT IN WOOL SAFEGUARDING.

By MR. CHARLES OGDEN.

AN Address on "Factors that Count in Wool Safeguarding" was delivered, at a luncheon of the members of the Bradford and District Incorporated Accountants' Society, by Mr. Charles Ogden, Editor of the *Yorkshire Observer*.

Mr. Ogden said that his duty to that non-partisan body was merely to suggest to their analytical minds ways of arriving for themselves at conclusions on one of the most serious and difficult problems of the times.

The high authorities for the foundation of sound judgment on the subject were really few in number.

They were: The monthly Board of Trade returns; the report of the Board of Trade Committee to consider the position of the Textile Trades after the war, dated 1918; the Census of Production, 1924; the report of the Wool Industries Safeguarding Inquiry, 1926; the Survey of Textile Industries ordered by the Labour Government and published only a few months ago; and the manifesto issued a few days since by the National Association of Unions in the Textile Trade to its constituents.

SOUND JUDGMENT.

He agreed that it was a laborious task to wade through all these ponderous official documents, but any man who did it conscientiously would have such equipment for sound judgment as would enable him to meet with complete confidence points raised on either side of the controversy by partisans.

Mr. Ogden pointed out that, for reasons which he explained, (a) statistics of money value were useless in relation to the points at issue, and that (b) as to quantities of yards, it was vital to keep a close eye on the point that whereas Board of Trade returns were in "linear" yards up to 1920, in that year and afterwards they were in "square" yards, and the method of transferring from "linear" to "square" yards was peculiar. Moreover, it was found in 1920 that the classifications then used of "cloths" and "stuffs" and "other materials" were hopelessly imperfect in their relationship, and an entirely new method of division was adopted.

The questions which would be raised in the new Safeguarding Inquiry were limited. Summarised, they were: (1) Is the industry of substantial importance? (2) Are imports of abnormal quantity? (3) Are the imports being sold in this country at prices below the prices at which similar goods can be profitably manufactured here? (4) Whether by reason of the competition of imports, employment is being or is likely to be seriously affected? (5) Whether the foreign competition is unfair? (6) Whether the home industry is being carried on with reasonable efficiency and economy? and (7) Whether the imposition of a duty on goods of the class or description in question would exert a seriously adverse effect on any other industry, being an industry using goods of that class or description in production? These were the only questions laid down in the White Paper which governs all these safeguarding inquiries.

FORMER INQUIRY.

At the end of a very exhaustive inquiry the previous Committee found that the applicants had failed to establish their case. They found that the evidence upon the vital question of unemployment did not support the view that employment was being seriously affected by the volume of retained imports.

They recommended, however, that "if seriously increased unemployment arose from a substantial increase in the volume

of the retained imports, accompanied with an increase in the bounty obtained by foreign manufacturers as a result of further currency depreciation," a duty at the rate of 12½ per cent. ad valorem would be adequate to countervail the existing bounty which foreign manufacturers were then deriving from depreciated currency.

As they would know, imports had since increased, and unemployment, though a fluctuating factor, was at the moment greater than at the time of this inquiry, but the depreciated currency factor had entirely disappeared owing to stabilisation. The full report of the Committee was published in the *Yorkshire Observer* of April 23rd, 1926.

There could, of course, be no possible doubt that the industry was of substantial importance, but it was probable that there would be conflict of testimony on all the other points, and some suggestion that there were very material points at issue which did not come within the scope of the White Paper. He would like to suggest some questions, without daring to offer answers in that non-partisan assembly.

SOME QUESTIONS.

Had the trade been doing its utmost to make the sort of goods that people at home and abroad desired to buy, or had it refused or neglected to do this, or been unable to adapt itself to changing needs?

Had the Labour representatives altered their view, expressed at the last inquiry, that labour conditions abroad were not inferior to those in this country?

Were the present applicants satisfied with the last previous Committee's recommendation of 12½ per cent. duty under certain conditions, or did they ask again, as last time, for 33½ per cent.?

Would the effect of a duty on imports be to increase the prices of British products (a) in the home market; (b) for selling abroad?

Was it intended to follow up the present application with one for import duty on yarns?

Should we actually be able to exclude the bulk of the "piece goods," and, in so far as we did exclude them, would the home market consumers be willing to buy our home products under pressure in place of the foreign goods which they had previously bought of their own choice?

How would the British woollen, worsted, silk, artificial silk and cotton industries, which are increasingly keen competitors amongst themselves, adjust their competitive movements to the new conditions in relation to (a) the home market; (b) the overseas markets?

If prices of our products were not cut down still further than at present for selling abroad, seeing that the home market is but a tiny patch of the earth's surface, which cannot be likely to be able to carry much more than its present population, what should we do with the half of our total product of "piece goods" which now goes abroad?

Remembering that by common agreement the urgent issue is the provision of more employment, could we be reasonably sure that the fiscal disturbance that is involved in this experiment would produce more employment for some workers without displacing an equal or larger number who have employment at present?

If wool goods became dearer by effect of the change before the great basic industries of the country—agriculture, coal, iron, steel, cotton, &c.—recovered from their depression, how would the consuming British masses be able to buy dearer clothing?

Has there been on the part of the applicants a sufficiently precise balancing of possible or probable gain and loss to justify embarkation on what the applicants themselves declared to be an experiment?

Mr. Joseph Rhodes (the President) briefly introduced Mr. Ogden, and Mr. G. R. Lawson proposed, and Mr. W. Claridge seconded, a vote of thanks.

District Societies of Incorporated Accountants.

BIRMINGHAM AND MIDLAND.

WOLVERHAMPTON STUDENTS' SECTION.

The second meeting of the session of this Students' Section was held at the offices of Messrs. Campbell & Co., Lichfield Street, Wolverhampton, on December 14th, 1928, when a lecture, entitled "Special Features of Municipal Accounts from the Point of View of the Accountancy Student," was delivered by Mr. Jesse Boydell, F.S.A.A., F.I.M.T.A., Borough Treasurer, who explained at the onset that, for the purpose of his address, he had attempted to put himself in the shoes of an accountancy student who had no knowledge whatever of municipal accounts, and would therefore confine his remarks to an explanation of those matters which were peculiar to that subject.

Amongst other things, Mr. Boydell dealt with the application of the double account system to the published accounts of the corporation undertakings, &c., and went through the revenue account, net revenue account, redemption fund account, reserve fund, and the balance-sheet of a typical undertaking, explaining as he went along the nature of the various items which would not be found in the accounts of an ordinary commercial undertaking. In particular, the Lecturer dealt with the various items in the balance-sheet, and to those items which resulted from the method by which a corporation raised its capital income, viz., by loans which must be repaid within definite periods as compared with the normal commercial method of issuing shares, &c., and also compared the depreciation fund under the double account system with the sinking fund set up by local authorities.

A particularly pleasing feature of the meeting was that practically every student member present took part in the discussion which followed.

The Lecturer, replying to a cordial vote of thanks for his attendance and lecture proposed by the Chairman (Mr. E. T. Brown, F.S.A.A.) and seconded by Miss L. S. Deacon, A.S.A.A., remarked that the questions put, and the whole trend of the discussion, indicated to him that the students had taken a most intelligent interest in his remarks, and he assured them how pleased he would be, if so desired, on another occasion to give a further address.

BRADFORD.

ANNUAL MEETING.

At the last annual general meeting of this District Society the following officers and Committee were elected:—President, Mr. Joseph Rhodes, F.S.A.A.; Vice-Presidents, Mr. H. A. Horsfield, F.S.A.A., Mr. Tom Hudson, F.S.A.A.; Committee, Mr. G. R. Lawson, B.Com., F.S.A.A., Mr. W. A. Heaton, A.S.A.A., Mr. E. Longbottom, A.S.A.A., Mr. C. E. Thomas, A.S.A.A.; Hon. Treasurer, Mr. Tom Hudson, F.S.A.A.; Hon. Auditor, Mr. Albert E. Stringer, F.S.A.A.; Hon. Librarian, Mr. G. R. Lawson, F.S.A.A.; Hon. Secretary, Mr. H. Reynolds, F.S.A.A.; Hon. Assistant Secretary, Mr. T. M. Rhodes.

Report.

The Committee have pleasure in submitting the fourteenth report covering the eighteenth year of the Society's activities.

LECTURES.

During the year an interesting syllabus of lectures was arranged. The meetings were well attended by the student members, who continue to show a keen appreciation of the work the Society does on their behalf.

Joint lectures were held in conjunction with the Bradford Chartered Accountants' Students' Association, Law Students' Association and Bankers' Institute, and were highly successful, the attendances being extremely encouraging.

COACHING CLASSES.

The classes arranged at the Technical College for the preparation of students for the examinations of the Institute

and the Society are being continued successfully, and deserve consideration as a suitable alternative or addition to the postal courses usually undertaken.

MEMBERSHIP.

The figures of the membership are as follows:—Fellows, 29; Associates, 40; Students, 56. Total, 125.

It is with much regret that the loss by death of four members has to be reported, viz: Mr. W. A. Turner (Fellow), who was one of the original members of the Society; Mr. D. McL. Wriglesworth (Fellow), Mr. E. S. Moffatt (Associate) and Mr. C. K. Rawnsley (Associate).

The current year will no doubt see a great change in the membership by reason of the alterations in the Articles of Association sanctioned at the extraordinary general meeting of the Society in June last. As a result, the whole country will be divided up into areas (including London), in each of which there will be a Branch or District Society. By this means every member of the Society will automatically become a member of a Branch or District Society. By thus improving the organisation of the Branches and District Societies, and by obtaining an even wider measure of personal support from members, the Council believe the educational and other work of the District Societies can be extended with advantage to the whole Society.

EXAMINATIONS.

Congratulations are tendered to those members who have been successful in passing the examinations of the Parent Society, namely, Final, 6; Intermediate, 5.

DINNER.

The Society held its first dinner since the inaugural function on February 8th, 1928. The gathering was a marked success, being attended by the President of the Society (Mr. Thomas Keens, F.S.A.A.), who delivered a lecture on "Insolvency Practice" before a very large audience on the previous evening; Mr. J. R. W. Alexander, M.A., LL.B., Parliamentary Secretary to the Society; several members of the Council and distinguished visitors.

CONFERENCE OF DISTRICT SOCIETIES' REPRESENTATIVES.

The Hon. Secretary has attended the two half-yearly Conferences of representatives of District Societies with members of the Council held during the year.

INCORPORATED ACCOUNTANTS' HALL.

Full particulars of the premises recently purchased by the Parent Society for its headquarters have been circulated to all the members. It is felt, however, that appreciation of an event which the Parent Council consider to be one of the most important in the Society's history should be recorded in this report.

Syllabus of Lectures.

1928. Meetings already held:

Nov. 14th. "The Hall Mark of Accountancy," by Mr. Robert Meadows. *Chairman:* Mr. J. W. Reynolds, F.S.A.A.

Nov. 23rd. Annual General Meeting.

Nov. 29th. "Some Thoughts on Accounts and Financial Statements," by Mr. Victor Walton, F.C.A. *Chairman:* Mr. Joseph Rhodes, F.S.A.A.

Dec. 14th. Debate with Members of the Bradford Chartered Accountants' Students' Association and the Bradford Law Students' Society.

1929.

Jan. 16th. Debate with Student Members of the Sheffield and District Incorporated Accountants' Society at Sheffield.

Jan. 23rd. Annual Dinner.

Meetings to be held:

Feb. 14th. "Law Reports—their Use to Students and Practitioners," by Mr. W. Summerfield, M.A., B.C.L., LL.B. *Chairman:* Mr. H. A. Horsfield, F.S.A.A.

Feb. 28th. "The Duties and Liabilities of Auditors," by Mr. Wilfred Grainger, F.S.A.A. *Chairman:* Mr. Tom Hudson, F.S.A.A.

1929.

- Mar. 14th. "Taxation, Rating and Industry," by Mr. Archibald Crawford, K.C. *Chairman*: Mr. Joseph Rhodes, F.S.A.A.

The Bradford Chartered Accountants' Students' Association have kindly invited members to attend the following lectures to be held at the Liberal Club, Bradford, at 7.30 p.m. :—

1929.

- Mar. 5th. "Contracts," by Mr. J. W. Rayner.
Mar. 19th. "Practical Points on Income Tax, Schedule D, arising under the Finance Acts, 1926, 1927 and 1928," by Mr. A. E. Kavanagh, A.C.A.

The Bankers' Institute (Bradford Centre) have kindly invited members to attend the following lectures to be held at the Midland Hotel, Bradford, at 7.30 p.m. :—

1928.

- Oct. 23rd. "Municipal Finance," by Mr. F. Ogden Whiteley, O.B.E., F.S.A.A.

1929.

- Jan. 15th. "Foreign Bills," by Mr. M. S. Herries.
Feb. 26th. } "Foreign Exchange," by Mr. M. S. Herries.
Mar. 12th. }

Invitations have been extended to members of the above bodies to attend the lecture on March 14th, 1929.

SWANSEA AND SOUTH-WEST WALES.

Syllabus of Lectures.

1928. *Meetings already held* :

- Oct. 24th. "The Auditor and the New Companies Act," by Mr. R. R. Coomber, B.Sc., A.S.A.A., London. *Chairman*: Mr. G. Brinley Bowen, F.S.A.A. (President).
Nov. 7th. "Debentures," by Mr. R. A. Jones, Solicitor. *Chairman*: Mr. A. E. Goskar, F.S.A.A.
Nov. 21st. "The November Examination Papers." *Chairman*: Mr. W. H. Ashmole, F.S.A.A.
Dec. 5th. "Voluntary Liquidation," by Mr. Rowe Harding, Barrister-at-Law. *Chairman*: Mr. G. Glanville Mullens, F.S.A.A.
Dec. 19th. Joint Debate with Chartered Institute of Secretaries: "Is the Hire Purchase System Beneficial to the Community?" *Chairman*: Mr. R. A. Wetherall, F.S.A.A.

1929.

- Jan. 9th. "Business Organisation," by Mr. Whyndham Jennings. *Chairman*: Mr. H. Dixon Williams, F.S.A.A.
Jan. 23rd. "Investigations and Reports Thereon," by Mr. H. Dixon Williams, F.S.A.A. *Chairman*: Mr. Garfield A. Watkins, A.S.A.A.

Meetings to be held :

- Feb. 6th. "Securities," by Mr. H. Gethin Williams, Solicitor. *Chairman*: Mr. F. Jennings, F.S.A.A.
Feb. 20th. "Principles and Practice of Insurance," by Mr. H. Meanock. *Chairman*: Mr. W. H. Charles, F.S.A.A.
Mar. 6th. Short Papers by Students. *Chairman*: Mr. S. Lloyd Francis, F.S.A.A.
Mar. 20th. "Examinations from the Examiner's Point of View," by Mr. R. A. Wetherall, F.S.A.A. *Chairman*: Mr. G. Brinley Bowen, F.S.A.A. (President).

All meetings at Swansea will be held on Wednesdays, at the Guildhall, commencing at 6 p.m. unless otherwise notified.

WEST OF ENGLAND.

Annual Report.

Your Committee have pleasure in presenting the report of the work of the Society for the year ended December 31st, 1928.

MEMBERSHIP.

The total membership is now 60, represented by—19 Fellows, 20 Associates, and 21 Students.

LECTURES.

Six lectures were given during the session, the attendances at which were satisfactory.

LIBRARY.

The use made of the library shows that it continues to fulfil a beneficial purpose. Several new books were added during the year. Your Committee have under consideration the purchase of additional books, and would welcome any suggestion in this direction.

EXAMINATIONS.

Four student members were successful at the Intermediate examination of the Parent Society.

COMMITTEE.

The retiring members of the Committee are Mr. C. W. Clark, Mr. G. J. Barron Curtis, and Mr. F. A. Webber. They are eligible and offer themselves for re-election.

"INDUSTRY OF TO-DAY."

A meeting of this District Society was held recently at Bristol, when a lecture on "Profit Sharing and Co-partnership" was given by Mr. Archibald Crawford, K.C., Director of the Economic League.

Mr. H. M. B. Ker (Bridgwater) presided over a good attendance.

Mr. Crawford said that this was an age of specialisation; the days when an individual controlled all the departments of his particular business were over. Industry had become so large that it was necessary to have men who thoroughly understood each department of the industry, and specialists were required to manage that department efficiently. The accountant controlled the financial side of industry, the lawyer controlled the side dealing with contracts. These specialists worked and co-operated with the industrialist, and together they organised industry to produce real wealth. They were, in fact, partners in industry.

Accountancy was much more than an accounting job, but gave a definite service to industry and to the country. The accountancy student would later be in a position to advise the industrialists in financial matters. Mr. Crawford, therefore, advised them to study thoroughly industrial history.

Unfortunately, as they knew, the country was suffering from great industrial depression. It was sometimes thought that this could be cured by the politician. That was a fallacy. There was too much political and too little economic talk. The depression was due to a failure to understand common sense rules, and very few of those could be touched by the politician. He felt obliged to say that to-day industry which was the sole creator of wealth was exposed to the whims of democracy. They must, therefore, encourage the discussion of industrial economics. Industry was an affair of co-partnership and of grouping and not of individual effort. In industry there were five partners, namely, invention, capital, management, labour and selling. Between them they delivered the product to the consumer. The trouble in industry in the past and to a certain extent the present had been over the distribution of the product of that partnership. These difficulties in turn had given rise to the system of profit sharing and co-partnership. Unfortunately the system has not been as successful as they had hoped, due to the lack of enthusiasm on the part of labour. The trade unions had not been favourably inclined to the system because they had been afraid that the men would lose their collective sense.

At the close of the meeting a vote of thanks was given to the Lecturer.

YORKSHIRE.

"SOME ASPECTS OF INCOME TAX, INCLUDING SUPER TAX IN RELATION TO COMPANIES."

This subject was dealt with by Mr. Victor Walton, F.C.A., in a lecture before the Yorkshire District Society given at Leeds, on January 16th, when there was a good attendance of senior and student members. Mr. T. Hayes, F.S.A.A., occupied the chair. The Lecturer supplied copies of eight examples illustrating points dealt with during his lecture, for which he was accorded a hearty vote of thanks.

PUBLIC AUDITORS

Under the Friendly and Industrial and Provident Societies Acts.

The Lords Commissioners of His Majesty's Treasury have been pleased to appoint the following Incorporated Accountants to act as Public Auditors for Great Britain for the year ending December 31st, 1929, under the provisions of the Friendly Societies Act, 1896 (59 & 60 Vict., cap. 25), and the Industrial and Provident Societies Acts, 1893 to 1913 (56 & 57 Vict., cap. 39, and 3 & 4 Geo. V, cap. 31), viz:—

Acock, R. G., 69, London Street, Norwich; Wayland Hall, Watton, Norfolk.
 Alban, F. J., Central Chambers, Newport, Mon.
 Alexander, J. H., City Chambers, East Parade, Leeds; 12, Gladstone Street, Cross Keys; York House, Blackwood, Mon.; Market Buildings, Ebbw Vale.
 Alexander, P., 43, Chancery Lane, London, W.C.2; 3, Woodgrange Road, Forest Gate, London, E.7.
 Allen, H. J., 37, Surrey Street, Sheffield.
 Andrews, E., 12, Abbey Square, Chester.
 Antoine, B. W., 2, The Mall, Ealing, London, W.5.
 Armson, G. A., Bank House, 95, High Street, Lewisham, London, S.E.13.
 Armstrong, H. J., 2, Saville Place, Newcastle-on-Tyne.
 Armstrong, J., 22, Station Road, Workington.
 Armstrong, J. W., Northern Assurance Buildings, 2, Collingwood Street, Newcastle-on-Tyne.
 Arnold, C., 27, Bodfor Street, Rhyl; 1, Record Street, Ruthin, Denbighshire.
 Arnold, F. V., Midland Bank Chambers, North Street, Brighton; Midland Bank Chambers, Horsham; Flint House, 44, South Street, Chichester.
 Ashworth, W., 7A, Yorkshire Street, Burnley.
 Aspray, N., "Olney," Middlefield Lane, West Hagley, Worcs.
 Atkins, J. R., 76, Derby Street, Macclesfield; 54, Lawton Street, Congleton.
 Atkinson, W. G., Loddington House, 42, Albert Street, Rugby.
 Baines, J. V., Curry's Chambers, 115, High Street, Stockton-on-Tees.
 Baker, W. B., 9, Bridge Street, Berwick-on-Tweed.
 Barker, A. E. S., 22, Scarbro' Street, West Hartlepool.
 Barrowcliff, C. Percy, 55 & 57, Albert Road, Middlesbrough; 175A, Newgate Street, Bishop Auckland.
 Bartlett, R. Wilson, 24, Bridge Street, Newport, Mon.
 Bausor, H., 20, Ebers Grove, Mapperley Park, Nottingham.
 Bayliss, L. M., Garlett House, Leighton Buzzard; Market Square, Buckingham.
 Bayliss, W. M., 16, Broad Street, Oxford.
 Beer, W. W., 17, Bedford Circus, Exeter; 15, Gold Street, Tiverton.
 Benbow, L., 2A, Sheep Street, Northampton.
 Bennett, C. H., 741-743A, Salisbury House, London Wall, London, E.C.2.
 Bentley, W., Wyndcliff, 33, Harper's Lane, Bolton.
 Bicker, E., Exchange Buildings, Upper Hinton Road, Bournemouth.
 Binns, J., Exchange Buildings, Mirfield, Yorks.
 Black, W. C., 147, High Street, Newport, Isle of Wight; 17, King's Terrace, Southsea; 57, High Street, Ventnor, Isle of Wight.
 Blandford, E. W. E., Capel House, 54, New Broad Street, London, E.C.2.
 Blythen, S., Victoria Chambers, Long Eaton; Market Place, Ilkeston.

Bowen, G. Brinley, 22, Wind Street, Swansea.
 Braddy, C. W., 107A, High Street, Winchester.
 Bradley, E. R., 584, Christchurch Road, Boscombe; 110, Seabourne Road, Southbourne; 2, Church Street, Christchurch.
 Branson, R. M., Prudential Chambers, Grey Friars, Leicester.
 Brazier, A. G., 15, Woodstock Road, Croydon.
 Brewer, A. H., 3, Wood Street, Queen Square, Bath.
 Broadbent, J. W., 36, Clegg Street, Oldham.
 Brodie, J. Paterson, Moor House, Moorland Road, Burslem; Rawcliffe Chambers, Southport.
 Brodie, R. M., 29, Scale Lane, Hull.
 Bromfield, J. H., 130, Powke Lane, Blackheath, Birmingham.
 Bromley, J. W., Winton Place, 19, Knowles Road, Batley.
 Brown, E. T., Gresham Chambers, Lichfield Street, Wolverhampton; Barclays Bank Chambers, Bilston.
 Bryant, A. C., 5A, St. Augustine's Place, Bristol.
 Buckle, C. D., 25, Cheapside Chambers, Bradford.
 Buckley, A. N., Union Chambers, 45 & 47, Commercial Street, Halifax.
 Bull, E., Bank Chambers, Devizes; Market Place, Warminster.
 Burgess, G. W., 14, St. Mary Axe, Leadenhall Street, London, E.C.3.
 Bush, B., 18, Eldon Square, Newcastle-on-Tyne.
 Butler, J., 66, Albion Street, Leeds.
 Carr, E. R., Stamford Bank Chambers, 10, Gallowtree Gate, Leicester; Savings Bank Chambers, Nottingham Street, Melton Mowbray.
 Carr, W., 27, Regent Street, Barnsley.
 Cattell, W. C., Bank Chambers, High Street, Kettering; Argus Chambers, High Street, Rushden.
 Cessford, J. C., 23, Albany Street, Edinburgh.
 Chadwick, A., 16, Bolton Street, Bury; 8, Garden Street, Ramsbottom, Lancs.
 Claridge, C. E., 53, Well Street, Bradford.
 Claridge, William, 53, Well Street, Bradford.
 Clark, W., County Bank Chambers, Bradshawgate, Leigh, Lancs.
 Clarke, F. N., 4, Pavilion Buildings, Brighton; 2, North Street, Horsham.
 Clarke, S. W., 31, Castle Hill, Lancaster; 51, Houghton Street, Southport.
 Clarkson, J. Paxton, 16, Devonshire Square, Bishopsgate, London, E.C.2.
 Clarkson, P. D. J., 19, Winckley Square, Preston; Kent's Bank Road, Grange-over-Sands, Lancs.
 Clayton, W., Milton Chambers, Milton Street, Nottingham.
 Clinch, S. H., 119, Moorgate, London, E.C.2; Hurdis House, Broad Street, Seaford, Sussex.
 Clutterbuck, S. E., 31, Queen Street, Cardiff; Midland Bank Chambers, Pentre, Glam.
 Coates, F. W., 10, Albert Road, Middlesbrough.
 Condie, J., Commercial Bank Buildings, 104, High Street, Dunfermline; Royal Bank Buildings, High Street, Cowdenbeath; 9, Drysdale Street, Alloa; Main Street, Kingseat.
 Cooper, D., Old Colony House, South King Street, Manchester.
 Cooper, W. H., 5, Philpot Lane, London, E.C.3; 102, Queen Street, Maidenhead, Berks.
 Costello, J. E., 90, Cannon Street, London, E.C.4.
 Crompton, W., 380-386 & 351-353, Produce Exchange, Hanging Ditch, Manchester.
 Crowe, S. E., 1, Albion Street, Leeds.
 Crowther, E., 10, Regent Street, Barnsley.
 Cryer, M. P., Old Bank Chambers, Keighley.
 Cunliffe, A. R., Station Buildings, 24, Railway Street, Nelson.
 Daffern, T. M., 19 & 20, High Street, Coventry.
 Davey, H., Hyland Buildings, Wood Street, Wakefield; Yorkshire Penny Bank Chambers, Market Place, Normanton.
 Davies, T., Wyndham House, Bridgend.
 Davies, Trevor, Barclays Bank Chambers, 97, Malden Road, Kentish Town, London, N.W.5.
 Davis, H. V., 30, Chamberlain Street, Wells; 27, High Street, Glastonbury.

- Deacon, A. G., 13, St. Ann Street, Manchester.
- Drowley, G., "Verwood," 26, Gloucester Road, Hampton, Middlesex.
- Dudbridge, J. S., 8, Lansdown, Stroud, Glos.
- Dndbridge, S., 8, Lansdown, Stroud, Glos.; Queen Street Chambers, Gloucester.
- Duncan, D. C. N., Barclays Bank Chambers, 55, High Street, Grantham.
- Dunlop, R. T., 45, Renfield Street, Glasgow.
- Duthie, R. S., Sun Chambers, 9, Devonshire Street, Carlisle.
- Dyer, C. E., 32, Milton Park, Highgate, London, N.6.
- Dyer, S. A., 5, Fenwick Street, Liverpool.
- Eaves, W., 47, Mosley Street, Manchester; County Bank Chambers, Chapel Street, Tyldesley.
- Ednie, A., 7, St. Paul's Square, Bedford.
- Edwards, A. R., 22, High East Street, Dorchester.
- Edwards, H., 61, Wind Street, Swansea.
- Edwards, R. H., Bank Chambers, 26, Mosley Street, Newcastle-on-Tyne.
- Elliott, E. A., 18, Market Street, Heywood, Lancs.
- Ellworthy, J. M., 13, Sherborne Lane, King William Street, London, E.C.4.
- Eltringham, A., 20, Fowler Street, South Shields.
- Evans, F., 8, West Street, Liskeard, Cornwall.
- Evans, H. R., 17, George Street, St. Helens; Bank Chambers, Church Street, Prescott, Lancs.
- Evans, T. A., Ffrwd Offices, Mountain Ash.
- Evershed, A. E., 51, High Street, Guildford.
- Fearnhead, J., 20 & 22, High Street, Chorley, Lancs.
- Feek, A. J., High Street, Pershore, Worcester.
- Feist, H. J. B., 12, Eaton Road, Leigh-on-Sea.
- Ferneyhough, M. P., 6, Commerce Street, Longton; 23, Market Street, Hednesford, Staffs.
- Flawn, S. J., 35, Hamilton Crescent, Palmers Green, London, N.13.
- Ford, W. J., 28, Baldwin Street, Bristol.
- Fortune, G. W., 26, Forrest Road, Edinburgh.
- Foster, S. E., 29, Bank Street, Ashford, Kent.
- Fox, F. W., 14, King Street, Leicester.
- Freeborough, J. H., 25, Figtree Lane, Sheffield.
- Friend, A. H., 15, Alexandra Place, Newbridge, Mon.
- Froude, T., Crown Buildings, Loseby Lane, Leicester.
- Fry, F. W., Clement's House, Clement's Lane, London, E.C.4.
- Gair, R., Emerson Chambers, Blackett St., Newcastle-on-Tyne.
- Gait, A., 1, The Foundry Bridge, Abertillery.
- Gardiner, F. C., Barclays Bank Chambers, Scarborough.
- Gardiner, H. T. Gore, 62, Cawley Road, London, E.9.
- Gerrard, R., 71 & 73, Lee Lane, Horwich, Lancs.
- Gill, F., Bank of Liverpool Chambers, Bradford.
- Girling, A. F. J., Eldon Buildings, 20, Eldon Street, Barnsley.
- Godkin, H., 53, Baxter Gate, Loughborough.
- Goulding, E. S., 19, Sweeting Street, Liverpool.
- Gowen, H. P., 7, Queen Street, Norwich: The Square, Fakenham; 13, Market Place, East Dereham, Norfolk.
- Grassam, J., 32, Alliance Avenue, Anlaby Road, Hull.
- Greenhalgh, T., Empress Chambers, 97, Church Street, Blackpool.
- Greenwood, A., 20, Bond Street, Dewsbury.
- Griffin, C. E. B., Bank Chambers, 8, Church Street, St. Helens.
- Griffin, G. R., Newton Chambers, 43, Cannon St., Birmingham.
- Griffith, F., Barclays Bank Chambers, 37A, Stricklandgate, Kendal.
- Griffith, R. O., 44, Cannon Street, Preston.
- Griffiths, J. Pearson, 10, Clarence Place, Bute Docks, Cardiff.
- Grimwood, Lieut.-Col. James, C.B., D.S.O., St. Stephen's House, 2, Coleman Street, London, E.C.2.
- Groves, T. J., 14, Scarbro' Street, West Hartlepool.
- Hackett, P. R., 36, Cannon Street, Birmingham.
- Hallett, A., Studio Buildings, Regent Street, Wrexham, Denbigh; Lloyds Bank Chambers, Ellesmere, Salop.
- Hansford, G. L., Parr's Bank Buildings, 3, York Street, Manchester.
- Hanson, F. W., Court Chambers, Jessop Street, Castleford, Yorks; High Street, Kippax.
- Hargreaves, F., Bow Chambers, 55, Cross Street, Manchester.
- Harlow, E., Grosvenor Chambers, 23, King Street, Nottingham.
- Harper, A. N., Blomfield House, 85, London Wall, London, E.C.2.
- Harper, F. C., 27, Chancery Lane, London, W.C.2.
- Harris, H., 2 & 4, East Circus Street, Park Row, Nottingham.
- Harrison, C. D., 22, Birley Street, Blackpool; 39, The Square, St. Anne's-on-Sea.
- Harrison, E., 29, Rothwell Road, Gosforth, Newcastle-on-Tyne.
- Harrison, H. C., 15, Hagley Road, Stourbridge.
- Hayden, G. D., High Street, Holt, Norfolk.
- Hayes, P. R., Compton House, Corwen, Merioneth.
- Hayhow, G. S., 84A, High Street, Purdy's Court, King's Lynn.
- Heatley, R., Temple Chambers, 33, Brazennose Street, Manchester.
- Heckels, R. D., 65, Coleraine Road, Blackheath, London, S.E.3.
- Henderson, A., 62, Cross Street, Fraserburgh.
- Henderson, H. S., Temple Courts, 55, Temple Row, Birmingham; Hampton-in-Arden, Warwickshire.
- Henderson, J. H., Wilson's Chambers, 7, Greek Street, Leeds.
- Hepburn, A. E., 5, Winchester House, Beaufort Street, Chelsea, London, S.W.3; Prospect House, Cliff Rd., Cromer, Norfolk.
- Hill, E. E., 26, High Street, Cardiff.
- Hirst, G. L., 8, Bond Street, Dewsbury.
- Hirst, J. W. A., 28, Queen Street, Albert Square, Manchester.
- Hobbs, A. M., 64, Great Portland Street, London, W.1.
- Hodge, H., National Provincial Chambers, High St., Kettering.
- Hodgson, R. T., 96, High Street, Stockton-on-Tees.
- Hollows, R., 33A, King Street, Wigan.
- Holman, W. J., 11, Queen Victoria Street, London, E.C.4.
- Holmes, H., Ropergate End, Pontefract.
- Holmes, J. T. L., Woodland Chambers, Colwyn Bay.
- Homersham, Miss M. M., 106, St. Clement's House, Clement's Lane, London, E.C.4.
- Horsfield, A., Silver Street Chambers, Bury.
- Hort, J. H., 206, Stanley Road, Bootle.
- Hubbard, F. L., 41, Havelock Road, Hastings; Endwell Chambers, Endwell Road, Bexhill-on-Sea.
- Hughes, W., 3, Manor Place, Sunderland.
- Hustwick, W., 70, Kirkgate, Bradford; 5, The Green, Idle, Bradford.
- Hutcheson, G. W., 44, Biddulph Mansions, London, W.9.
- Ingram, A. J., 32, West Sunnyside, Sunderland.
- Jack, W. H., 38, Bath Street, Glasgow.
- James, H. M., Turnbills' Chambers, 14, High Street, Coventry.
- Jenkins, W. R. L., Market Street, Pontypool, Mon.
- Jennings, F., Borough Chambers, Neath.
- Jessap, C. T., Barlow Chambers, Lumley Road, Skegness.
- Johnson, A. J., 35, Southgate Street, Winchester.
- Johnson, S., 5, Lower Temple Street, Birmingham.
- Johnstone, W., Central Chambers, High Street, Kidderminster; 1, Bank Street, Bridgnorth.
- Jones, E. Furnival, 4, Fenchurch Avenue, London, E.C.3.
- Judge, W. A., High Street, Skipton.
- Keens, A. T., 45, High Street, Aylesbury, Bucks.
- Keens, Thomas, 11, George Street West, Luton; 2, College Road, Harrow-on-the-Hill, Middlesex; 35, High Street, Leighton Buzzard, Beds.; High Street, Stony Stratford; 60A, High Street, Newport Pagnell, Bucks.; 15, Market Hill, Buckingham.

- Kenyon, F. T., Midland Bank Chambers, Penrith; Main Street, Keswick.
- Kettridge, C. L., 1, London Wall Buildings, London, E.C.2.
- Keys, C., Athenaeum Chambers, 71, Temple Row, Birmingham; 322, High Street, West Bromwich.
- Kilby, F., Drury Chambers, Market Square, Northampton.
- King, G. C., 110, Edmund Street, Birmingham.
- Lake, J., Gower Chambers, Swansea.
- Lambert, W. E., Essex House, High Street, Stratford, London, E.15; "Bathurst," 169, Earlsam Grove, Forest Gate, London, E.7.
- Lapish, J. B., Pearl Chambers, East Parade, Leeds.
- Larder, C., Camomile Street Chambers, Bishopsgate, London, E.C.3.
- Larking, R. C., Commercial Chambers, Orford Place, Norwich.
- Lashmore, C. S., 2, Church Street, Cardiff.
- Law, E. I., Kingscourt, Bridge Street, Walsall.
- Lawson, G. R., Palmerston Buildings, 5, Manor Row, Bradford.
- Laycock, S., Barclays Bank Chambers, North Street, Keighley.
- Leah, H. B., 9, Warren Street, Stockport.
- Lee, F., 7, Balmoral Chambers, Cloth Hall Street, Huddersfield.
- Leigh, C., 66, St. Mary Street, Warrington.
- Liversidge, H. G., Imperial Buildings, Rotherham.
- Lloyd, J. T., 63, Fore Street, Trowbridge.
- Lloyd, W., 19, Priory Street, Dudley, Worcestershire.
- Lloyd-Roberts, J., Public Audit Offices, 2, Church Street, Carnarvon; "Cemlyn," Harlech, Merioneth.
- Lock, F. J., 23, Eastbury Road, Watford.
- Lord, J. H., Bank Buildings, Bacup.
- Lowe, J. T., 1, Finkle Street, Kendal, Westmorland.
- McCutcheon, R. T., 74, Bath Street, Glasgow.
- McDonald, T. W., 98, Palmerston Road, Wood Green, London, N.22.
- Macintyre, A., Muirbrow Chambers, 118, Cadzow Street, Hamilton.
- Mahon, F., 4 & 5, Oriental Chambers, Doncaster.
- Mair, A. J., 5, Frederick Street, Sunderland.
- Malthouse, G., 10, Rossall Road, Harehills, Leeds.
- Marriott, G. A., 15, Mosley Street, Manchester.
- Marshall, S. W., 107A, Mortimer Street, Herne Bay; Town Hall Chambers, Westgate-on-Sea, Kent; Bouverie Road West, Folkestone; 76, High Street, Broadstairs.
- Martin, J. W., 17, Dormer Place, Leamington Spa.
- Mason, E. H., 9, Clarence Street, Cheltenham.
- Mawson, J. D., 51, Boileau Road, Ealing, London, W.5.
- Mayhew, W. O., 62, Oxford Street, London, W.1; Richmond Road, Bognor.
- Merchant, H. A., 48, Uxbridge Road, Ealing, London, W.5.
- Metcalfe, S., 9, Swinnow Drive, Pudsey.
- Millman, H. T., Prudential Chambers, Grey Friars, Leicester.
- Mills, F. W. T., 6, Priory Place, Doncaster.
- Milne, R., 68, Bath Street, Glasgow.
- Moffat, F., 126, High Street, Falkirk.
- Moger, J. R., Lancashire and Yorkshire Bank Chambers, Cleckheaton, Yorks.; 40, Bigby Street, Brigg, Lincs.; High Street, Scunthorpe.
- Morgan, E. C., Crown Chambers, High Street, Newtown, Montgomery.
- Moss, F., Market Place, Ashton-under-Lyne.
- Moulton, P. A., 21, Regent Street, Barnsley.
- Moustardier, M., 69, Downs Road, Clapton, London, E.5; 50, Castle Road, Southsea.
- Mullens, G. G., 16, Station Road, Port Talbot.
- Naylor, J., 19, Richmond Terrace, Blackburn.
- Naylor, R. O., 71, Chatsworth Road, Morecambe.
- Neill, A., Westminster Bank Chambers, 76, Kingsland High Street, London, E.8.
- Nelson, C. Hewetson, 43, Castle Street, Liverpool.
- Nicholl, E., 22, Lansdowne Road, West Didsbury, Manchester.
- Norfolk, W. J., 8, East Stockwell Street, Colchester; Adwell House, Pallister Road, Clacton-on-Sea.
- Oates, G. G., 4 & 5, Oriental Chambers, Doncaster.
- Oddie, W. M., Springstone House, Ossett.
- Ogle, H., Spencer House, South Place, London, E.C.2.
- Oldfield, J. W., 5, Rose Grove, Mytholmroyd, Yorks.
- Oldfield, W., 46, Castle Street, Hinckley.
- Oldman, A. S., 27, North Albert Street, Fleetwood, Lancs.
- Owen, D., 47, Milsom Street, Bath; Market Place, Warminster.
- Oxley, H., 22, Regent Street, Barnsley.
- Page, J. C., May Buildings, 51, North John Street, Liverpool.
- Palmer, A. J., 71, West Street, Fareham, Hants; Jessamine House, North Street, Havant.
- Palmer, E. H., Bentinck Buildings, Wheeler Gate, Nottingham.
- Palmer, G., Guildhall Annexe, 23, King Street, London, E.C.2.
- Parish, L., 3, Branch Road, Batley.
- Paterson, James, 13, Hamilton Street, Greenock; 18, Castle Street, Rothesay, Bute.
- Payne, C. C., Market Place, North Walsham, Norfolk; Station Road, Aylsham.
- Payne, W. H., 8 & 9, Martin Lane, Cannon Street, London, E.C.4.
- Pearce, M. E. J., 102, High Street, Poole, Dorset.
- Pearson, W., 5, Godwin Street, Bradford, Yorks.
- Pellatt, A. P., 132n, High Street, Hythe, Kent; 58, Cheriton Road, Folkestone.
- Pettitt, S. R., Lloyds Bank Chambers, 45 & 47, Old Christchurch Road, Bournemouth.
- Peveler, R., 5, Princes Square, Harrogate; Market Place, Ripon.
- Pickup, A., 65, Shamrock Road, Birkenhead.
- Platts, T. H., 126, Colmore Row, Birmingham; 8, St. Andrew's Street, Droitwich Spa.
- Pocock, B. G., 8, Warwick Court, Holborn, London, W.C.1.
- Polwarth, J. Bruce, 134, St. Stephen's House, Victoria Embankment, Westminster Bridge, London, S.W.1.
- Pratt, A. J. S., 20, Pearl Buildings, Portsmouth.
- Prior, F. A., Pelham House, Pelham Street, Nottingham.
- Procter, S., County Bank Chambers, 41, Burnley Road, Padiham, Lancs.
- Pugh, A. E., 19, Carlton Chambers, High Street, Newport, Mon.
- Pugh, H. G., Oswyn House, 20, Oswald Road, Oswestry.
- Rawlinson, E. B., Netherwood Chambers, 1A, Manor Row, Bradford.
- Rees, W. H. S., 1, Charlesville Place, Neath, South Wales; The Docks, Milford Haven.
- Revell, H. W., Prudential Buildings, New Street, Huddersfield.
- Revell, T., Standard Buildings, City Square, Leeds.
- Reynolds, J. W., 49, Bank Street, Bradford.
- Rhodes, J., 31, Manor Row, Bradford.
- Riches, E. J., 12, Bank Street, Norwich; 33, Church St., Cromer.
- Riding, E. C., 3, Fleet Street, Torquay, Devonshire.
- Ridsdale, G. R., Midland Bank Chambers, Bridge St., Walsall.
- Riley, H., St. Andrew's Chambers, 22, Park Row, Leeds; Layton Road, Rawdon, near Leeds.
- Ritchie, P. G., 38, Bath Street, Glasgow.
- Robathan, P. E., Imperial Buildings, Mount Stuart Square, Cardiff.
- Roberts, G. Watkinson, 2, Guildhall Chambers, 31-34, Basinghall Street, London, E.C.2.
- Rodger, T., 29, Grainger Street West, Newcastle-on-Tyne.
- Rollinson, C. E., Westgate Chambers, Newport, Mon.
- Rowland, F. S., 90, Pilgrim Street, Newcastle-on-Tyne.
- Scarlett, C. S., 5, Cecil Square, Margate; 36, High Street, Ramsgate.
- Schofield, A., 112, Albion Street, Leeds.
- Scott, J. A., 63, Castle Street, Edinburgh.

- Searle, A. B., The Corn Exchange, Saffron Walden, Essex.
 Shaw, E. B., Imperial Chambers, 43, New Street, Huddersfield.
 Shaw, F., Market Place, Dewsbury.
 Shepherd, J. W., 78, King Street, Manchester.
 Shepherd, W. A., 50, Tredegar Street, Risca, Mon.
 Sievwright, W. B., 3, Kinnoull Street, Perth.
 Simmonds, H. J., 1, Tremadoc Road, Clapham, London, S.W.4.
 Sisling, A. E., 9, Clinton Street West, Nottingham.
 Slater, H., 5, St. Andrew's Street, Cambridge; Eaton House, High Street, Newmarket.
 Slater, J. T., 11, Queen Street, Oldham.
 Smith, W., 56, London Road North, Lowestoft.
 Snow, W. Keller, 55, Quarry Street, Guildford; South Street, Farnham, Surrey; 31 & 32, Carfax, Horsham, Sussex.
 Soddy, R. J., 55, Gildredge Road, Eastbourne.
 Sowerbutts, T. W., 16, St. Mary's Parsonage, Manchester.
 Sparrow, G. W., 13-16, Corridor Chambers, Leicester.
 Spicer, R. C., 5, Bank Plain, Norwich.
 Starkie, R. E., 6, South Parade, Leeds.
 Stephens, C. T., Post Office Chambers, Pontllanfraith, Mon.
 Stephens, F. W., Liverpool House, 15 & 17, Eldon Street, London, E.C.2.
 Stephenson, Joseph, O.B.E., Queen Street Chambers, Peterborough; 5, Church Close, Boston; Portland Chambers, Market Place, Spalding; 22, Castlegate, Newark-on-Trent; Broadway, St. Ives, Hunts.; 17, High Street, Stamford; Victoria Hall, Llandrindod Wells; 1, Grays Lane, March; 114, High Street, Huntingdon; N.P. Bank Chambers, Ludlow; Lamb Corner, Ely; Park Street, Chatteris; 8, Wilcome Place, Knighton; Barelays Bank Chambers, 81, High Street, Scunthorpe; 1, Tudor Street, Swanage; 13, Market Place, Brigg; Foresters Hall, Long Sutton; 28, St. Thomas Street, Weymouth; The Hall, Thorne.
 Storey, R. G., 8, Oxford Chambers, St. Stephen Street, Bristol.
 Stott, W., 4, Carlton Range, Gorton, Manchester.
 Sturges, H. H., 1, Guildhall Chambers, 31, Basinghall Street, London, E.C.2.
 Sunderland, W., Craven Bank Chambers, North St., Keighley.
 Swallow, E., Bank Chambers, Market Place, Peterborough.
 Tamplin, J., Westgate Chambers, Newport, Mon.
 Tate, W., Atlas Chambers, King Street, Leeds.
 Tessier, A. N., 279, Borough High Street, London, S.E.1.
 Thomas, D. B., Post Office Chambers, Merthyr Tydfil; Bryn Taf Offices, Treharris; 7, Cross Morlais Street, Dowlais, Glam.
 Thomson, J., 11, Drake Street, Rochdale, Lanes.
 Thornley, J. C., 44, High Street, King's Lynn; High Street, Hunstanton.
 Thurgood, J., 61, High Street, Mexborough.
 Townsend, H., 16, Weston Park, Crouch End, London, N.8.
 Tullett, W., Market Place, Darlington; 14, Tenters Street, Bishop Auckland.
 Tunbridge, S. T., 6, South Quay, Great Yarmouth.
 Tyler, G. H., Central House, 75, New Street, Birmingham.
 Vizard, L., 2, Clarence Parade, Cheltenham.
 Vizard, L. N., 2, Clarence Parade, Cheltenham.
 Walker, G. H., 37, Southgate, Halifax.
 Walker, Percy H., 4, Park Place, Cardiff; The Arcade, Cowes, Isle of Wight.
 Walker, R. B., 1, Richmond Terrace, Blackburn.
 Walker, W., 7, Greek Street, Leeds.
 Wallace, W. D., 48, Loughborough Road, Kirkcaldy.
 Walters, W. L. J., Masonic Chambers, Gillingham, Dorset.
 Walters, W. T., Middle Street, Yeovil.
 Walton, A., 7, Bond Place, Leeds.
 Walton, N. H., Midland Bank Chambers, Sunderland.
 Ward, A., 21, Bridge Street, Bradford.
 Wareing, J., 11, Chapel Street, Preston.
 Warren, F. J., 3, Victoria Place, Haverfordwest; Britannia Stores, Cardigan; Savings Bank, Main Street, Pembroke; The Docks, Milford Haven.
 Watson, A., County Buildings, 4, Cannon Street, Manchester.
 Watson, O. A., 24 & 26, Corridor Chambers, Market Place, Leicester.
 Watts, Miss E., 77, Chandos House, Palmer Street, Victoria Street, London, S.W.1.
 Waud, N., "Melrose House," St. Sampson's Square, York.
 Webb, E., 34, Grand Parade, Brighton.
 Wells, C. H., Independent Buildings, 21, Fargate, Sheffield.
 West, H. W., 154, Bishopsgate, London, E.C.2; Bank House, 618, Romford Road, Manor Park, London, E.12.
 White, A. M., 29, Grainger Street West, Newcastle-on-Tyne.
 White, E. G., Bank Chambers, Llammas Street, Carmarthen.
 White, J. C., 32 & 34, High Street, Sutton, Surrey.
 White, P., 6, Sussex Terrace, Princess Square, Plymouth.
 Williams, E. J., Exchange Buildings, 14, Lowther Street, Carlisle.
 Williams, E. K., 36, Prince's Buildings, 81, Dale St., Liverpool.
 Williams, G. B., Old Bank Chambers, Pontypridd.
 Williams, G. R., 26, Windsor Place, Cardiff.
 Williamson, J. H., Market Place, Ashton-under-Lyne.
 Wilson, Sir Charles, Wilson's Chambers, 7, Greek Street, Leeds.
 Windle, R. S., Midland Bank Chambers, Barnoldswick.
 Witty, R. A., 6, Dowgate Hill, Cannon Street, London, E.C.4.
 Wolstenholme, E. J., 36, Yorkshire Street, Rochdale.
 Wood, D., 40, Cleveland Road, Ealing, London, W.13.
 Wood, H., 179, Dock Street, Newport, Mon.
 Woodhead, A. C., Manor Square, Otley.
 Woolley, F., 6, Portland Street, Southampton.
 Yearsley, A., 84, Warrington Street, Ashton-under-Lyne; High Street, Blackwood, Mon.

ROYAL NAVAL RESERVE.

(ACCOUNTANT OFFICERS).

RE-UNION DINNER.

The re-union dinner of Accountant Officers, Royal Naval Reserve, was held at the Princes' Restaurant on January 25th when the Mess celebrated the 25th anniversary of the establishment of the Royal Naval Reserve of Accountant Officers. The Mess President was Paymaster Commander Frank Ward, R.D., R.N.R., and the Vice-President, Paymaster Commander C. C. H. Drake, R.D., R.N.R. Among those present were:—Vice-Admiral Sir Michael H. Hodges, K.C.B., C.M.G., M.V.O. (Second Sea Lord), Payr. Rear-Admiral B. C. Allen, C.B., M.V.O. (Paymaster Director-General), Vice-Admiral A. A. M. Duff, C.B. (Admiral Commanding Reserves), Sir Charles Walker, K.C.B. (Deputy Secretary of the Admiralty), Payr. Captain V. A. Lawford, C.M.G., D.S.O., R.N., Payr. Captain H. S. Measham, C.M.G., R.N., Payr. Commander H. V. Such, O.B.E., R.D., R.N.R., Payr. Commander E. G. Holdway, R.D., R.N.R., Captain C. Lenny, R.N., Mr. W. J. Evans, C.B., C.B.E., Payr. Commander W. Lacon Threlford, M.B.E., R.D., R.N.R., F.C.A., Payr. Commander H. B. Tuffill, C.B.E., R.D., R.N.R., A.C.A., Payr. Commander G. T. Smythe, O.B.E., R.N., Payr. Commander M. G. Bennett, O.B.E., R.N., Payr. Commander F. F. Aldridge, R.D., R.N.R., Payr. Commander H. Elliott Clarke, R.D., R.N.R., Payr. Commander G. D. White, R.D., R.N.R., Payr. Commander D. M. Mackenzie, R.D., R.N.R., Payr. Commander A. E. Loder, R.D., R.N.R., Payr. Commander H. A. K. Little, R.D., R.N.R., Payr. Commander S. C. Hastings, R.D., R.N.R., Payr. Commander A. W. Fry, R.D., R.N.R., Payr. Commander R. E. Twigg, R.D., R.N.R., Payr. Commander C. F. Foster, R.D., R.N.R., Payr. Commander T. Martin, R.D., R.N.R., Payr. Commander C. E. Norris, R.D., R.N.R., Payr. Commander B. H. Cooper, R.D., R.N.R., Payr. Commander H. E. W. Lutt, R.N.R., Colonel M. W. Emley, O.B.E., T.D., Surgeon Lieut.-Commander M. F. Hopson, R.N., Payr. Lieut.-Commander R. J.

Hayward, R.N.R., A.C.A., Payr. Lieut.-Commander C. B. Jarrett, R.D., R.N.R., Payr. Lieut.-Commander S. J. Read, R.N.R., Payr. Lieut.-Commander R. Ashworth, R.N.R., F.S.A.A., F.C.A., Payr. Lieut.-Commander A. A. Garrett, R.N.R., Payr. Lieut.-Commander R. F. Vandervord, R.N.R., Payr. Lieut.-Commander E. W. Jesson, R.N.R., Payr. Lieut.-Commander J. H. B. Lejeune, R.N., Payr. Lieut.-Commander A. E. Turner, R.N.R., A.S.A.A., Lieut.-Colonel T. Bertram Ackroyd, Lieut. V. St. J. Van der Byl, R.N., Payr. Lieut. J. A. Franklin, R.N.R., Payr. Lieut. T. Linton Wilson, R.N.R., F.S.A.A., Payr. Lieut. H. Alden, R.N.R., A.S.A.A., Payr. Lieut. Norman Bell, R.N.R., C.A., Payr. Lieut. J. Wilmer Greene, O.B.E., R.N.V.R., A.C.A., Payr. Lieut. T. P. G. Bennett, R.N., Payr. Lieut. A. G. Jones, R.N., Payr. Lieut. S. H. Mearns, R.N.R., C.A., Payr. Lieut. R. J. Pigott, R.N.R., F.C.A., Payr. Lieut. H. D. Bell, R.N.R., F.C.A., Payr. Lieut. H. A. Smith, R.N.R., A.S.A.A., Captain C. A. Holliday, A.S.A.A., Lieut. C. R. Croft, R.F.A., A.S.A.A., Mr. J. F. Stoy, Mr. W. J. Crafter, A.S.A.A., Mr. D. Young, A.C.A.

The Mess President gave the toast of "The King" and the toast of "Absent Friends." He reminded his brother officers of the regretted absence of the Honorary Secretary of the Dinner Committee, Payr. Commander A. F. Stoy, R.D., R.N.R., F.C.A., whom they hoped would be restored in a short time to his usual good health. (Cheers.)

The Mess President then proposed the toast of "The Guests," and in a reminiscent and entertaining speech recalled many incidents of his service in the R.N.R. As a somewhat senior accountant officer he expressed the hope that the Admiralty would take into consideration the possibility of sending to sea the more senior officers of the R.N.R. whose desire it was, when the opportunity presented itself, to keep in touch with the Royal Navy.

Vice-Admiral Sir Michael H. Hodges, K.C.B., C.M.G., M.V.O., Second Sea Lord, who was received with cheers, responded to the toast. He congratulated the Accountant Officers of the R.N.R. upon the conclusion of 25 years of useful service. He had reason to know personally of the character of their work, because among other things, during the war when he was Senior Naval Transport Officer at Salonica his own secretary was an R.N.R. officer. In reply to the Mess President, he appreciated the feelings of senior Accountant Officers, and the loyalty which moved the Mess President to make the suggestion which he had done. The Second Sea Lord said they would certainly bear in mind what had been said, but he felt he ought to remind them that they looked for a continual flow of new blood into the Royal Naval Reserve, and they wanted to give younger officers as much chance as they could. Moreover, he suggested to their Mess President that their experiences were often enjoyed most when they ended with the desire for more.

The only other formal toast was that of "The Royal Naval Reserve Accountant Officers." It was proposed by Sir Charles Walker, K.C.B., Deputy Secretary to the Admiralty. Sir Charles Walker recalled the establishment of the Reserve of Accountant Officers 25 years ago and acknowledged the response the Admiralty had received from those who were on the staff of the Bank of England, of Chartered Accountants and of Incorporated Accountants, and a number of others connected with the City of London. He particularly called to mind the service rendered by Payr. Commander H. V. Such, who had been the Senior Officer in every rank from the time he commenced as an Assistant Paymaster, R.N.R. Sir Charles Walker mentioned the facilities granted for promotion to Paymaster Commander, and assured them of his interest in their welfare and that they were remembered by the Admiralty for their work and for their past service. He coupled with the toast the name of Payr. Lieut.-Commander A. A. Garrett, R.N.R.

Payr. Lieut.-Commander A. A. Garrett, in responding to the toast, voiced the thanks of all Accountant Officers R.N.R. for the sentiments of regard expressed by Sir Charles Walker towards their branch of the Service. They were honoured to have with them on their 25th anniversary the Second Sea Lord, the Admiral Commanding Reserves, the Paymaster Director General, Sir Charles Walker, and other Senior Officers. Payr. Lieut.-Commander Garrett said it

was a happy inspiration which had moved the Admiralty to confer with the Bank of England, with the Chartered Accountants and the Incorporated Accountants to form a reserve of Accountant Officers, and he remarked the scheme had stood the strain of war and met the requirements of peace. To all of them who had been privileged to hold commissions, the Service had brought many happy memories and delightful friendships. They thought of their time in the Service in terms of the personalities of their shipmates and the camaraderie of the wardroom, and most gladly would they choose those experiences over again.

Payr. Commander Loder, R.D., R.N.R., briefly proposed the Toast of "The Mess President," and on behalf of all Officers present thanked Payr. Lieut.-Commander R. J. Hayward, R.N.R., A.C.A., who, in the absence of the Hon. Secretary had made all the dinner arrangements. After a brief response from the Mess President the proceedings terminated.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Meeting of Scottish Council.

A meeting of the Council of the Scottish Branch was held on the 25th ult. There were present: Mr. D. Hill Jack, J.P. (presiding), Mr. R. T. Dunlop, Mr. W. Davidson Hall, Mr. P. G. S. Ritchie and Mr. E. Hall Wight (Glasgow), Mr. D. R. Matheson, M.A., LL.B. (Edinburgh), Mr. W. J. Wood (Perth), Mr. James T. Morrison (Coatbridge) and Mr. James Paterson (Secretary). Apologies for absence were intimated from Dr. John Bell, Mr. John A. Gough, Mr. Wm. Houston and Mr. J. Cradock Walker (Glasgow), Mr. Walter MacGregor and Mr. J. Stewart Seggie (Edinburgh), Mr. A. Scott Finnie (Aberdeen), Mr. W. L. Pattullo (Dundee), Mr. E. Mortimer Brodie (Port Glasgow) and Mr. Donald M. Muir (Dunfermline). A number of applications for membership were considered and remitted to the Examination and Membership Committee. Various questions relating to the profession in Scotland were also under consideration and appropriate action taken.

The late Mr. James Roberts, Bervie.

We regret to have to report the death of Mr. James Roberts, Incorporated Accountant, Bervie, Kincardineshire. Mr. Roberts became a member of the Scottish Institute of Accountants (now the Scottish Branch of the Society) many years ago. In his early days Mr. Roberts was in business in London, but for health reasons returned to his native place and commenced practice as an accountant. He held a number of public and private professional appointments in the district and Royal Burgh of Inverbervie, but retired from the public appointments in 1912. Mr. Roberts, who was 72 years of age, was unmarried and of a retiring disposition, but was considered a very successful man of business.

A Dundee Accountant's Estate.

The inventory of the estate of the late Mr. Stephen Ower, formerly Incorporated Accountant in Dundee, who retired some years ago, was recently lodged in Dundee Sheriff Court. By his will, dated a few days before his death, he bequeathed his entire estate, amounting to over £8,000, to his housekeeper, who was also appointed sole executrix.

Local Government Reform.

The Secretary of State for Scotland is still receiving deputations with reference to suggested amendments to various parts of the scheme for Scottish local government reform. Amongst other items the audit clause has been under review, chiefly at the instance of the four large cities, Edinburgh, Glasgow, Aberdeen, and Dundee. Representatives of these

cities have urged that their existing codes of audit were more suitable for the burgh's requirements than the County Council code laid down in the Bill. It was agreed by the Secretary for Scotland that some middle course might be found, and the matter was left over for further consideration.

Scottish Board of Health.

Amongst the changes in Scottish local government several "Boards" have been abolished and their places taken by "Departments." Whether these changes will be for the better government of Scotland is a matter about which there is room for some difference of opinion, but those familiar with the practice in these matters know that, as before, the ordinary administrative duties will fall to be carried out by efficient members of the Civil Service. In this connection we are pleased to note that the Secretary of State for Scotland has appointed Mr. J. Stewart Seggie, C.A., F.S.A.A., to be the Chief Accountant of the new Department of Health for Scotland.

Scottish Savings Banks.

The annual meetings of the Scottish Savings Banks, whose year ended on November 30th last, have now been held, and the accounts have been submitted. With one or two trifling exceptions, the reports show substantial increases in the funds of the banks notwithstanding the prolonged industrial depression. The case of Edinburgh is typical of the chief districts of Scotland. Depositors' holdings of Government securities have been increased by £123,556 16s. 3d. during the year, notwithstanding the repayment at maturity of certain issues of National War Bonds. The ease with which purchases and sales can be carried through at the bank makes this form of investment a popular one with depositors. The total holding is now £2,869,436 11s. 9d. The number of new accounts opened during the year was 15,377, being a slight decrease from 1927, in which year, however, the number opened was largely in excess of the average. The total amount due to depositors in all departments is now £11,289,954 2s. 8d., the increase for the year being £657,376 18s. 7d.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g. (1925) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Sessions Cases (Scotland)*; S.L.T., *Scottish Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B. & C.R., *Bankruptcy and Company Cases*.

The other abbreviations used in modern reports are H.L., House of Lords; A.C., Appeal Court (House of Lords and Privy Council); C.A., Court of Appeal; Ch., Chancery Division; K.B., King's Bench Division; P., Probate, Divorce and Admiralty Division; C.S., Court of Session (Scotland); J., Mr. Justice (King's Bench or Chancery); L.J., Lord Justice; L.C., Lord Chancellor; M.R., Master of the Rolls; N.I., Northern Ireland; P., President of Probate, Divorce and Admiralty.]

COMPANY LAW.

Coles v. White City (Manchester) Greyhound Association.

Contract to take Shares.

Eve (J.) held that the plaintiff was entitled to the rescission of a contract to take shares in a company on the ground that the prospectus did not disclose the facts (1) that the land purchased by the company for its operations had been scheduled to a town planning resolution, which had been registered as a land charge, and (2) that, unless the consent of the local authority should be obtained before any buildings

were erected, the company would not be entitled to compensation for their possible removal under the town planning scheme. (Ch.; (1929) 45 T.L.R., 125.)

In re Hobson.

Restriction on Transferees of Shares.

A testator owned 1,800 fully paid ordinary shares standing in his name and 50 standing in the name E. H., as trustee for him. Transferees by the Articles received no notice of, nor did they vote at, meetings. By his will he appointed his wife and others, of whom E. H. was one, executors and trustees. E. H. refused to act. The residue was given upon trust to realise and stand possessed after the wife's death as to a third to his son J. H. D. and as to two-thirds for his other children. The shares were registered in the names of the acting executors. A new trustee was then appointed by them, the deed of appointment being presented for registration and refused. This motion was to rectify the register. By the Articles the restrictions above mentioned did not apply to certain transferees.

Maugham (J.) held that the transfer was justifiable under the Articles. There were still duties to be performed by the transferors as executors. The order to rectify would go and the company would pay the costs of the motion.

(Ch.; (1928) W.N., 321.)

EXECUTORSHIP LAW AND TRUSTS.

Fitzgerald v. National Bank.

Acknowledgment of Debt by Testator.

Talbot (J.) held that when a debtor leaves by will to his creditor a legacy of an amount equal to or greater than the debt, the legacy when paid must be taken to have been given in satisfaction of the debt, and it was not rebutted by the fact that the debt carried interest from day to day.

(K.B.; (1929) L.T.N., 49.)

INSOLVENCY.

In re Houlder.

Receiving Order against Surety.

Astbury (J.) held that where a surety who has guaranteed the whole of a debt becomes bankrupt, the creditor may prove for the whole of the debt due at the date of the receiving order without deducting any sum received from persons other than the bankrupt, provided that he does not receive more than 20s. in the pound.

(Ch.; (1928) L.J.N., 445.)

REVENUE.

Kneeshaw v. Clay & Horshall, Limited.

Income Tax and fall in Profits.

Rule 11 of the Rules applicable to Cases I and II of Schedule D of the Income Tax Act, 1918, provides: "If within the year of assessment or the period of average upon which the assessment is to be based a change occurs in a partnership of persons engaged in any trade or profession, by reason of death, or of dissolution of the partnership as to all or any of the partners, or by the admission of a new partner, or if any person succeeds to a trade or profession, the tax payable in respect of the partnership, or any of the partners, or of the person so succeeding shall be computed according to the profits or gains of the trade or profession during the respective periods prescribed by this Act, notwithstanding the change or succession, unless the partners or the person succeeding to the trade or profession prove to the satisfaction of the Commissioners that the profits or gains have fallen or will fall short from some specific cause, to be alleged to them, since such change or succession took place, or by reason thereof."

The Court of Appeal held that for the purpose of Rule 11 it is only necessary to prove the specific cause mentioned in the Rule.

(C.A.; (1928) L.J.N., 427.)